هكذا من الاصل

FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT
No. 28,400
Thursday February 26 1981
***25p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 26; DENMARK Kr 6.00; FRANCE Fr 4.50; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pta 75; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 30p; MALTA 25c

NEWS SUMMARY

GENERAL

One-in-9 factory jobs go in recession

The recession has so far claimed one in nine jobs in manufacturing industry—more than in any other post-war recession.

Department of Employment figures show a fall of 811,000 to 6.25m between mid-1979 and the end of 1980. Hardest hit was metal manufacturing, where one in five jobs disappeared. Back Page; level of pay increases falling, Back Page; bankers on unemployment, Page 11

Last-minute hitch for Iran Britons

Three British Anglicans cleared of spying charges after six months in Iranian jails spent the night as "guests" of the Foreign Ministry in Tehran. They were prevented from boarding a Paris-bound plane because of an unexplained last minute problem.

The Archbishop of Canterbury's office said they would leave for Dubai today.

MP quits Labour

Caithness MP Robert Maclennan resigned from the Opposition Front Bench and will not stand for re-selection as a Labour candidate. Page 12

Fast warning

Ulster Secretary Humphrey Atkins said Republican prisoners planning a new hunger strike would never be granted political status.

Operations fear

NHS electricians warned of strike action if a 6 per cent pay offer is not improved. East Anglian surgeons warned of urgent-only operations if the dispute worsens.

Quake kills 12

At least 12 people died as earthquakes shook southern Greece.

Cruise row

Berkshire education committee chairman Gerald Hughes, one of 14 "administrative staff" who went at P and O's expense on a cruise that cost 940 children £270 each, suspended himself from office pending an inquiry.

School fees ban

Hereford and Worcester education authority cannot charge parents for their children's school music lessons, the High Court ruled.

Pakistan arrests

Opposition leaders said Pakistan's military rulers arrested more than 12 opposition politicians.

TV scoop

ITV took five of the Royal Television Society's eight annual television journalism awards, and shared another with the BBC. Scheme to break up Radio 4, Page 8

Pay off

Patriotic old soldier George Holderness bequeathed £3,513 to the Government—his service pay through both world wars.

Britannia crash

Londoner Peter Bird, rowing alone from San Francisco to Australia, reported his boat Britannia II crashed on rocks off Hawaii, but will be repaired.

Briefly . . .

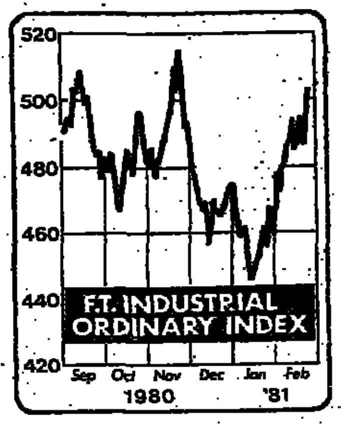
Death toll from Dublin's St. Valentine's Day discotheque fire rose to 47.

Czechoslovak Charter 77 movement called for an international commission to oversee human rights.

BUSINESS

Equities top 500; £ and $ easier

● **EQUITIES** performed well on hopes of a mildly reflationary Budget and a sharp MLR cut.



The FT 30-share index rose above 500 for the first time in three months, gaining 7.5 to 502.0. Page 40

● **GILTS** were quieter. The Government Securities index shed 0.08 to 69.34. Page 40

● **DOLLAR** fell to DM 2.1060 (DM 2.1160) and SwFr 1.9150 (SwFr 1.9175) but improved to Y207.25 (Y206.90). Its trade-weighted index fell to 99.6 (99.8). Page 29

● **STERLING** lost 55 points to $2.2285. Its trade-weighted index fell to 99.2 (99.5). Page 29

● **GOLD** fell $2 to $499.5 in London. Page 29

● **WALL STREET** was down 4.01 to 942.09 near the close. Page 38

● **MINERS and COAL BOARD** met with energy ministers to agree in outline a package on deceleration of closures which has not yet been costed in detail. Back Page

● **PAY DEALS** settled locally by Engineering Employers' Federation members in the last two months were at or below 10 per cent in 90 per cent of cases. Bck Page

● **PAUL VOLCKER**, chairman of the U.S. Federal Reserve, reaffirmed the Fed's commitment to a firm monetary policy. Back Page

● **WEST GERMAN** banks negotiating a DM 10bn credit with the USSR for a natural gas pipeline are seeking a flexible interest rate structure. Back Page

● **CALOR** Group, which supplies more than 70 per cent of the UK market for liquefied petroleum gas in containers, was cleared of abuse of its monopoly powers. Page 11

● **BP** is to receive crude oil worth between £55m and £60m as compensation for the nationalisation of its Nigerian interests in 1979. Page 8

COMPANIES

● **SASOL**, South Africa's oil-from-coal producer, reported pre-tax profits up from Rand 86.25m to Rand 141.1m ($183.4m) for the latter half of 1980.

● **HARRISONS MALAYSIAN** Estates, rubber, palm oil, coconut and cocoa producer, reported taxable profits down from £15.16m to £13.92m for the six months to end September. Page 27; Lex, Back Page

● **JOHNSON MATTHEY**, the group with interests in metals, banking and chemicals, reported taxable profits up from £20.19m to £30.36m for the nine months to end-December. Page 26

● **AMSTRAD** Consumer Electronics reported taxable profits up from £871,271 to £1.31m in the half-year to end-December. Page 27

Lonrho buys control of Observer

BY JOHN MOORE

LONRHO, the international trading conglomerate headed by Mr. Roland "Tiny" Rowland, is to acquire control of the Observer newspaper in a surprise merger believed to be worth £6m.

The details of the merger were unveiled in the UK and the U.S. yesterday by Lonrho and Atlantic Richfield, the U.S. energy group which owns the Observer.

Under the deal the Observer is to be merged with George Outram, publishers of the Glasgow Herald and part of the Lonrho group. Mr. Rowland is *to become deputy chairman of* the Observer and Mr. Robert Anderson, chairman of Atlantic Richfield, is expected to remain as chairman.

The Observer has been in financial difficulties in recent years and was bailed out by Atlantic Richfield in 1976. The group has since spent $20m subsidising the paper.

Lonrho has already been planning to start a Sunday paper in Scotland under the Outram wing, and is studying plans for a new London evening paper following the announcement of its deal with Atlantic Richfield.

Its latest acquisition marks the end of a *long search for a* quality national newspaper. Lonrho was a possible buyer of The Times and Sunday Times, but decided not to press ahead with its plans.

The move by Lonrho, which is fighting a bitter £158m takeover battle for control of House of Fraser, the Harrods stores group, marks another big shake-up in Fleet Street.

The announcement of the deal comes days after Mr. Rupert Murdoch, chairman of News International, publishers of the Sun and the News of the World, secured an agreement with the unions conditional on his purchase of Times Newspapers, publishers of The Times and the Sunday Times.

Mr. Anderson said in his formal statement that an agreement had been made to "merge the Observer with George Outram, publishers of the Glasgow Herald. By the terms of the merger Atlantic Richfield will acquire 40 per cent of the shares of George Outram in exchange for its 100 per cent ownership of the Observer."

He added: "My discussions with Mr. Rowland, chief executive of Lonrho, have convinced me of his personal desire and interest in maintaining the high standards of journalism, its quality, integrity and independence, which have been the hallmark of the Observer for nearly two centuries, and which Atlantic Richfield have endeavoured to support since it acquired the Observer four years ago."

Mr. Rowland said at Lonrho last night that he had met Mr. Anderson through his business association with Daniel K. Ludwig, reputedly one of the world's richest men, who has embarked on a series of business ventures with Lonrho.

Mr. Ludwig is, according to Lonrho, a personal friend of Mr. Anderson.


MR. 'TINY' ROWLAND


Mr. ROBERT ANDERSON

The other link in the chain in Lonrho's association with Mr. Anderson was Mr. Philip Hawley, president of Carter Hawley Hale Stores, a large U.S. retailing group.

Mr. Hawley sits on the boards of Atlantic Richfield and the House of Fraser. Mr. Tiny Rowland also sits on the Fraser group board.

The news was broken to about 40 journalists of the Observer at 6.10 last night by Mr. Donald Trelford, the editor. He had just received a phone call from Los Angeles from Mr. Kenneth Harris, Observer director.

The Observer's estimated losses for 1980 amounted to £2m. Last summer the newspaper had assets of only £3m, which came from loans from Atlantic Richfield.

The company bailed out the Observer in 1976, when it agreed to buy for £1 to acquire the 90 per cent holding of the Astor family. The oil group also pledged to subsidise operations of the newspaper for up to three years at a then estimated total cost of $10m.

Lonrho's deal will cost it nothing in hard cash. The deal is being done through an issue of Outram's stock.

Ian Hargreaves writes from New York: Mr. Anderson said he had decided upon the merger because he had become convinced of Mr. Rowland's fitness to run the Observer and

Continued on Back Page

Spanish parties call for day of support

BY ROBERT GRAHAM AND ROGER MATTHEWS IN MADRID

SPAIN'S major political parties and trade unions yesterday combined in a call for massive countrywide demonstrations on Friday to support "liberty, democracy and the constitution".

The call represents a closing of political ranks in the wake of Monday's coup attempt, and underlines the need to mobilise public support for potentially explosive demands to make the armed forces more accountable.

Political solidarity was also evident yesterday when Parliament endorsed Sr. Leopoldo Calvo Sotelo as Spain's new Prime Minister. Although the Socialists and Communists voted against him, their respective leaders made conciliatory calls for co-operation to reinforce democracy.

The new premier was installed as the full seriousness of Monday's unsuccessful coup, involving the seizure of the entire Parliament, became known.

The grave consequences were emphasised by the sacking of Gen. Alfonso Armada from his post as joint Chief of Staff. The general has been one of the King's closest military advisers for more than 25 years.

He was understood to have told the King on Monday evening, shortly after the Parliament was seized by elements of the Guardia Civil, that a majority of the regional military commanders were sympathetic to dissolution of Parliament and the installation of a military junta.

The King is reported to have replied that a takeover could only happen over his dead body.

Despite the dismissal of Gen. Armada, the arrest of Gen. Jaime Milans del Bosch, who mobilised his forces in the Valencia region on Monday, and more than 200 other arrests and detentions, the King has made it clear that the armed forces must be treated with respect.

In a sombre meeting with leaders of the five main political parties on Tuesday night, the King is understood to have said the situation was so delicate that more drastic action against the armed forces could not be expected immediately.

But even some of the more conservative politicians yesterday said the King and the Government had to take advantage of the gross provocation to Spain's infant democracy.

Unless full authority over the military was established, it was said, the risk of further coup attempts could not be ruled out. In a pointed reference in Parliament yesterday, the Communist leader, Sr. Santiago Carrillo, said the collapse of Monday's attack was no guarantee that the same thing would not be tried again.

Yesterday's parliamentary session was a highly emotional occasion. The chamber, ceiling and walls bore the fresh marks of the bullets fired by the Guardia Civil when they stormed the building.

First, General Gutierrez Mellado, Deputy Premier in charge of Defence in the outgoing Government, was given a standing ovation in recognition of his brave refusal to be cowed by the rebel guards who tried to force everyone to the floor.

Sr. Landelino Lavala, the Speaker, referred to the dramatic events, ending with a call for an endorsement of the constitution. His speech was interrupted several times by long *bursts of applause including a* standing ovation for the King and ending with loud cries of "Long live the constitution." Sr. Lavala was in tears.

The Chamber in more sober mood then moved to consider the motion of confidence, cut short at the voting stage on Monday.

The new Prime Minister was adopted with 186 votes—18 more than in the first round confidence vote last week—with 158 against.

The Catalan Nationalists and the right-wing Coalicion Democratica, who abstained at the first vote, gave their full support to Sr. Calvo Sotelo.

King's lay role Page 2

Aid Poles, creditors tell West

By Robert Mauthner in Paris and Peter Montagnon

REPRESENTATIVES FROM 15 of Poland's Western creditors agreed in Paris yesterday to urge their Governments to take urgent short-term measures to help Poland overcome her serious economic and financial problems.

In a separate development, Poland will meet Western commercial banks in London next week for further discussions on refinancing credits.

Commercial banks are owed about two-thirds of Poland's $24-25bn debt to the West.

It was clear from a statement in Paris after the meeting there that no solution had yet been found to the long-term *problems of Poland's mounting* debt.

M. Jean-Yves Haberer, head of the French Treasury and chairman of the meeting, said merely that "sufficiently important" progress had been made to justify further discussions, and that another session would be held at the beginning of April.

In practice this means that pending a global long-term agreement of rescheduling Polish debt, individual Western Governments will agree on bilateral short-term financing measures as they have in the past. It is hoped that commercial banks will be persuaded to do the same.

Continued on Back Page

Threat of water strike averted

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE THREAT of a nationwide strike of water workers was lifted last night as union negotiators recommended unanimous acceptance of a 12.3 per cent pay increase.

The 12.3 per cent rise, coming soon after the mineworkers' threatened strike had been *bought off, represents a further* substantial climb-down in the public sector from what had been described as a "final, final" offer.

The increase came after frequent contacts over the past 48 hours between Sir Robert Marshall, Chairman of the National Water Council and Mr. Tom King, the Environment Minister.

The council has been made aware for some days that Ministers viewed as inevitable an increase in its previous offer of 10 per cent.

The Prime Minister said in the House of Commons on Monday that pay increases for water workers would be at the expense of the less well-off.

The settlement, if accepted by the country's 32,000 manual workers, will set a new benchmark for public sector pay increases.

Officials for the 42,000 manual workers in the gas industry turned down a 10 per cent offer from British Gas on Monday, while electricity workers expect an offer to be made by the Electricity Council next week.

The figure for the water workers approaches the 13 per cent achieved last year by the mineworkers over 10 months and is around 5 per cent higher than the water council's first offer of 7.9 per cent made in December. This was the first of two offers described as "final."

The council telephoned the union negotiators, meeting yesterday morning for urgent talks following a month in which soundings among members of the industry's four unions revealed a massive majority against the 10 per cent offer and for industrial action.

Some workers from the two largest unions, the General and Municipal Workers Union *and the National Union of* Public Employees, have already taken unofficial action in the North-East and Lancashire. It is understood that the 12 per cent-plus increase in average earnings has been achieved by raising the basic rate by 10 per cent as before, and by consolidating a £5 attendance allowance to calculate bonus and shift payments.

Average earnings for the manual workers are now likely to be around £122 a week. The 12.3 per cent-plus increase will "knock on" to the other 39,000 craft, clerical and administrative workers employed in the water industry.

Editorial Comment Page 24

Carrington Viyella reorganisation contributes to £30m loss

BY RHYS DAVID

THE CARRINGTON VIYELLA textile group has reported attributable losses of more than £30m after low UK *demand and a major* reorganisation.

The group had a £9.6m deficit, including tax payments of £1.3m on profits earned overseas, and extraordinary losses of £21.5m as a result of plant write-downs and redundancy costs.

The company, which describes the present recession in demand for UK-manufactured textiles as the worst since the 1930s, has been implementing a major rationalisation programme drawn up by the Boston Consulting Group and says it has carried out most of the recommendations.

About 6,000 jobs have been axed in Britain, bringing the total to 18,000, and 30 sites nus and cost-cutting eexesicr—have been closed with reductions and cost-cutting exercises affecting the remaining 80.

All the group's UK businesses were hit by lack of demand last year, Mr. Bill Fieldhouse, the chairman, said yesterday. The small trading profit of £3.4m *before interest, tax and other* items, was earned almost entirely from overseas operations. Sales at £297m were down £16m on the previous year, with volume sales declining an average 20 per cent.

Interest charges paid by the group rose from £8.3m to £11.9m. Borrowings were reduced during the year by about £4m as a result of tighter controls on working capital and pruning of stocks from £94m to £73m.

Benefits would emerge in 1981 from reductions in cost structure, but with the "overall trading environment" showing little sign of recovery, the board would be obliged to concentrate on "optimising" cash flow in the coming year.

Mr. Fieldhouse said that apart from low UK demand the group had been affected by the strength of sterling, which in turn contributed to the rise in the volume of U.S. exports to Britain of household textiles and carpets, two of CV's main products.

Nevertheless the carpet operation, a major loser in 1979, had been turned round, and was increasing its share of the UK market with a new range of products. There was no intention of closing this operation.

In other product areas the emphasis of the company strategy, in line with the recommendations from Boston Consulting Group, would be on moving into specialist markets nearer the consumer and "maximising the potential of its strong brand names."

The group hoped to achieve profitability in the second half of 1981, and would do this with only a relatively modest improvement in textile demand.

No dividend is being paid.

Lex Back Page
Details Page 29

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Arrow Chemicals	41	+ 5
BTR	412	+ 14
Barclays Bank	400	+ 12
Barratt Developments	190	+ 7
Berisfords	58	+ 6
Birmingham Mint	230	+ 8
British Sugar	283	+ 8
Brown (J.)	78½	+ 3
Carrington Viyella	14	+ 1½
Comet Radiovision	149	+ 10
Dowty	241	+ 7
Estates & Agency	130	+ 18
Finlan (J.)	127	+ 8
Gillett Brothers	256	+ 21
Glaxo	278	+ 14
Gripperrods	142	+ 12
Hawker Siddeley	284	+ 10
ICI	294	+ 6
Laing (J.) A	43	+ 4
Lucas Inds.	182	+ 6
Moss Bros.	195	+ 15
NatWest Bank	370	+ 10
Staffordshire Potteries	50	+ 4
Thames Inv.	162	+ 14
Tube Invs.	198	+ 14
Utd. Scientific	378	+ 8
Vickers	156	+ 6
Wade Potteries	55	+ 4
Western Selection	28	+ 5
Wrighton (F.)	65	+ 23
Tricentrol	312	+ 6
Assoc. Mins. Cons.	110	+ 20
Cons. Gold Fields Australia	360	+ 40
Doornfontein	874	+ 60
Harmony	874	+ 71
Hartebeest	£28¾	+ 1¼
Mount Lyell	95	+ 11
Renison	500	+ 75

FALLS

Sainsbury (J.)	333	− 10
Malakoff	151	− 8

CONTENTS

For latest Share Index phone 01-246 8026

Few of Spain's nine military regions rallied promptly to Juan Carlos after Parliament was seized

King's key role emerges in curbing coup support

BY ROBERT GRAHAM IN MADRID

ONLY TWO of Spain's nine military regions—the Basque country and Catalonia—rallied immediately to King Juan Carlos on Monday evening when Parliament was seized by elements of the Guardia Civil. All the rest played a cautious waiting game, some of them reportedly sympathetic to the idea of the installation of a military-backed Government.

El Pais, the leading daily newspaper reported that some two and a half hours after Parliament was seized, some officers at army headquarters in Madrid had even begun to celebrate.

These and other details now emerging about Monday's dramatic events underline how close Spain came to a military takeover. There are also strong reports about the King's firm action to persuade the military commanders of the futility of supporting the installation of a military government.

The King is reported to have said that this would happen only if they were willing to take his own life first. This is understood to be what persuaded the military commanders to fall in behind him. The last to come round is believed to have been Gen. Pedro Merry Gordon, Captain-General of the Seville region.

Throughout the affair, however, the King is understood to have been promised the full support of the 45,000-strong paramilitary national police force, headed by Gen. Sainz Santa Maria. This was a crucial counter-balance to the equivocal attitude of a portion of the Guardia Civil—the other paramilitary police force. The support of the police was also a guarantee at the local level that order and security were maintained.

It appears there were limited and short-lived attempts to take over some buildings in the capital, including the Ministry of Commerce. It is still not clear, though, whether the military occupation of the main television and radio station just outside Madrid was the result of a pre-arranged plan for national emergencies.

Military music was broadcast for a period before the building was taken over by a different group: special anti-terrorist forces clearly under direct Government orders.

The impression remains, nevertheless, that the number of people directly involved was small, even though the measure of sympathy among the military was much wider. For instance, a number of obvious steps were not taken. In particular, a vital special telephone link between all the Ministries based in Madrid was not cut. This enabled the Permanent Under-Secretaries to make quick contact with each other and co-ordinate moves.

King Juan Carlos (left) receives Sr. Gonzalez (centre), the Socialist leader, and Sr. Fraga Iribarne of the right-wing Alianza Popular.

Senior military leaders taken into detention

BY ROGER MATTHEWS IN MADRID

Gen. Armada: shock for the King.

THE SERIOUSNESS of the threat posed by Monday's abortive coup is gradually becoming clear, as the list grows of those who have been detained. The real shock for King Juan Carlos and part of the establishment has been the possible role of General Alfonso Armada, the Marquis of Santa Cruz de Rivadulla, whose fate now lies with the King and senior military colleagues.

Recently appointed a member of the joint chiefs of staff and chief of army headquarters, Gen. Armada had been closer to Juan Carlos for over 25 years than possibly any other military man.

He was appointed military instructor to Juan Carlos in 1954, and in 1976 became secretary-general of the Royal Household. This latter job was generally considered to carry the greatest responsibility among the few close advisers to the King. To have been selected, Gen. Armada is assumed to have enjoyed the monarch's total confidence. This confidence appears to have been shared to some extent by the politicians.

Although he is known to have deeply conservative views, the suggestion that he had either totally misinterpreted the King's wishes or had actively conspired to bring down the Government must be deeply disturbing for the country's political leaders.

Among others detained are the following:

- Gen. Milans del Bosch, Captain General of the Third Military Region, Valencia. Arrested for disobedience by Gen. Gabeiras, the chief of staff, he has been dismissed and replaced by Lt.-Gen. Galmes.
- Gen. Caruana, Military Governor of Valencia. Dismissed for refusing to arrest Gen. Bosch.
- Lt.Col. Tejero, Guardia Civil officer who led the attack on Cortes. He is under arrest at Guardia Civil headquarters in Madrid.
- Capt. Camilo Menendez Tolosa. A naval officer, he was arrested in the infantry barracks in Madrid for joining Lt.-Col. Tejero on Monday evening.
- Maj. Ricardo Pardo Zancada, of the army general staff and chief of information service at the Brunete tank division based on Madrid. He went to the Cortes late on Monday with about 100 military police and joined Lt.-Col. Tejero. Arrested in Campamento, Madrid.
- Capt. Alvarez Arenas, in charge of men taken by Maj. Pardo, who joined rebellion later. His men are under arrest.
- Col. Ricardo Gachitorena Zalba, of the infantry. Arrested for trying to detain Gen. Alende Salazar, Madrid's Military Governor.

About 150 Guardia Civil are under arrest and are being held at Valdemorõ, near Madrid. Two captains have also been arrested and, in addition, there are about 15 officers arrested with Lt.-Col. Tejero. They all belong to the Guardia Civil.

Syrian captives 'admit' death plot in Jordan

BY OUR FOREIGN STAFF

JORDAN yesterday released a two hour confession by five Syrians accused of plotting to assassinate Mr. Mudar Badran, the country's Prime Minister.

The confession, according to an account given to Jordanian television and newspapers by the authorities, directly implicates Col. Rifaat Assad, brother of the Syrian President, who is said to have personally directed the operation.

Col. Rifaat Assad is commander of Syria's specially constituted praetorian guard and the man closest to President Hafez Assad.

According to the Jordanian Government, the men systematically plotted from mid-December to assassinate Mr. Badran. Their confession was accompanied yesterday by a lengthy official statement from the authorities which throughout referred to Col. Assad as the initiator of the plot. It accused the Syrian Government of "savagery, repression and terrorism" both at home and abroad.

A bitter feud between Syria and Jordan in recent months involved the build-up of five army divisions between them on their border late last year. These were later withdrawn. But this is the first time that the government in Amman has accused official Syrian forces rather than obscure guerrilla groups of involvement in Jordon's internal affairs.

Equally striking yesterday was the response of the Syrian Government, which effectively acknowledged the validity of the Jordanian charges and the men's confession.

A senior official in Syrian intelligence cited Mr. Mudar Badran as "one of those agent elements" in the Jordanian Government responsible for hundreds of assassinations inside Syria. They "must be punished as they deserve," he said, indicating clearly that further attacks would be planned.

This latest exchange is certain to lead to a further deterioration in relations between the two countries. These hav been badly hit by their alignment with different sides in the Gulf war. Syria deeply opposes Jordan's support for Iraq against Iran. It also charges that Jordan has been giving support to the Moslem Brothers whose subversion last year provoked a major challenge to President Assad.

Yesterday's disclosures in Amman are being linked directly to the kidnapping on February 6 of Mr. Hisham Mihaisin, the Jordanian Charge d'Affaires in Beirut. Officials in Amman claim that Syria was involved, at least indirectly.

Whether yesterday's statement and presentation of Syrian plotting—and Jordanian intelligence is notably effective—will help the diplomat's release is seen as a calculated risk, for he may well have been taken as a bargaining counter for the Syrian group arrested last month. At the same time, it is [illegible] of a Jordanian campaign [illegible] the kidnapping, to keep [illegible] governments informed of Syrian activities.

Hydro plan shelved by Oslo

By Fay Gjester in Oslo

NORWAY'S MINORITY Labour Government has shelved, for a few crucial months, a political issue which has stirred more controversy than anything the country has experienced since the 1972 referendum on Norwegian EEC membership.

The dispute concerns the Alta River hydro-power project, in northern Norway. The scheme is opposed by conservationists, who claim it will hurt the area's vulnerable Arctic ecology, and by the Lapps.

However, it has the support of the Conservatives, the largest opposition party. This has guaranteed a large Government majority every time the Storting has voted on the question.

A costly police action last month enabled work on the scheme to re-start. While the environmentalists seemed temporarily stymied, the Lapps suddenly stepped up their protests. About 10 went on hunger strike, and some demonstrated in front of the Storting.

Having staked so much on defeating the activists, the government could not afford an outright retreat.

The day was saved by a technicality. A law passed when Mrs. Brundtland was Environment Minister says sites of historic interest must be mapped before new roads are laid. It was found this had not been done when the Alta access road was staked out.

Work on the road is now being scaled down, and no new ground will be broken until the survey has been carried out.

The Government says the project will go ahead, but the activists are satisfied it has been shelved.

Bundesbank hints at need for wage pause

BY STEWART FLEMING IN FRANKFURT

THE vice-president of the West German Bundesbank, Dr. Helmut Schlesinger, hinted strongly yesterday that he favoured a temporary wage pause in German industry to help tackle the country's economic problems.

In the strongest indication the West German Central Bank has so far given of its views on the wage round which is now coming to a head, Dr. Schlesinger said the suggestion from a group of economists that there should be a wage pause was directed at a central problem of the German economy. Until now the Bundesbank, while arguing for moderation, has avoided anything which could be interpreted as too direct an attempt to influence pay negotiations. Dr. Schlesinger's remarks must therefore be seen as a further indication of Bundesbank concern about inflation.

They coincide with mounting evidence that wage negotiations in several key industries are proving particularly hard to settle. In the metal industry employers are sticking to an offer of 2½ per cent against a union demand for 8 per cent. The current contracts run out at the end of the week.

The fourth negotiating round in the Hessen region metal industry negotiations ended yesterday without any evidence of progress after opening amid demonstrations and token strikes. Separately IG Druck, the printing industry union disclosed that it too would seek an 8 per cent wage increase for its 183,000 members.

The unions maintain that they are not ready to concede the principle that wage increases should be below the cost of living rise anticipated for the coming year, a concession implicit in the 2½ per cent increase the employers are proposing.

The proposal for a wage pause was put forward by economists at the Kiel Institute because of the danger of a vicious circle of more unemployment, a higher budget deficit, a higher current account deficit and more inflation this year.

Commenting on the economists' suggestion, Dr. Schlesinger said the urgent need to reduce the current account deficit, stabilise the Deutsche Mark and thereby ease the pressure from imported inflation is only possible if increases in real income are postponed.

- The German Central Bank, for the first time since its new Special Lombard system came into effect, made funds available to the banks yesterday. There were no restrictions on the availability of credit at the rate of 12 per cent set for yesterday, which helped calm the money markets

The West German Government yesterday took the unusual step of appealing to anti-nuclear protesters not to demonstrate near the site of the controversial Brokdorf atomic power plant at the weekend, writes Roger Boyes from Bonn.

The Government fears that the demonstration banned this week by a local court could be extremely violent, recalling the protests at Brokdorf about four years ago when hundreds of people were injured in clashes with police.

Brokdorf has become a symbol of Bonn's nuclear energy policy and caused a tug of war between the Christian Democratic state of Schleswig Holstein which has allowed construction on the plant to continue and Social Democrat-controlled Hamburg which wants to withdraw from the project.

W. Germany attacks Soviet missile build-up

BY ROGER BOYES IN BONN

THE WEST GERMAN Government yesterday sharply criticised the Soviet Union for stepping up its deployment of medium-range SS-20 missiles and suggested that a freeze on such stationing would be a helpful basis for future arms control talks.

Bonn's view, drafted by the Cabinet yesterday, is intended explicitly as a response to President Leonid Brezhnev's call on Monday for a "moratorium" on the deployment of all Euro-strategic weapons. West Germany has now made clear that this would be unacceptable, because effectively it would legitimise Soviet medium-range missile superiority in Europe.

According to intelligence estimates presented to the Cabinet yesterday, Moscow now has 200 SS-20s stationed in the west of the Soviet Union, each capable of carrying three separate warheads. These would not reach the U.S. and are thus known as Euro-strategic. Apart from this relatively modern nuclear capability, there are also some 450 SS-4 and SS-5 missiles aimed at Western Europe, according to the estimates.

Bonn government officials also claim that the Soviet Union has recently doubled the rate of SS-20 deployment from 50 to 100 a year.

The Cabinet stressed yesterday that NATO's attempt to narrow this gap — by stationing over 500 Cruise and new Pershing missiles in Europe — could only come into effect from 1983-84 when these weapons were ready. An immediate freeze on Euro-strategic missiles would thus be solely to the advantage of Moscow.

Bonn welcomed Mr. Brezhnev's willingness to hold talks with President Ronald Reagan and expressed the hope that arms control talks would be resumed as soon as possible. The Left-wing of the ruling Social Democratic Party has put considerable pressure on the Government to review the decision to station the new U.S. missiles in West Germany which is taking the bulk of these weapons: 160 air-launched Cruise and 108 Pershing missiles.

The Left-wing argues that the slow progress of the arms control talks with Moscow also puts into question the decision to deploy new missiles.

'Vredeling rules' criticised

By Giles Merritt in Brussels

THE EUROPEAN employers' federation, UNICE, has launched a hard-hitting counter-attack against the Brussels Commission's proposed directive for introducing new employee information and consultation rules.

Describing the proposed new EEC rules as "rigid," the Brussels-based body is challenging their introduction on both legal and practical grounds. In doing so, UNICE makes it plain it has decided to contest the Commission move.

The proposed new rules are commonly described as the "Vredeling Directive" after Mr. Henk Vredeling, the former EEC Social Affairs Commissioner who put them forward formally last October.

They are aimed particularly at multinational companies, and seek to establish new procedures for enabling employees of transnational businesses and other businesses "with a complex structure" to be informed and consulted on overall group policies.

But UNICE, following a recent meeting in Brussels of employers' representatives, now charges that not only has the need for such a Community instrument not been proved, but that it also raises legal and practical difficulties.

Apart from legal challenges set out in a closely-argued position paper, the federation claims that the directive would undermine the authority of local management.

It would also, it claims, disrupt existing national industrial relations in the EEC

Israelis take over more land on West Bank

BY DAVID LENNON IN TEL AVIV

THE ISRAELI military Government expropriated close to 3,000 acres of West Bank land east of Jerusalem last weekend, apparently as part of the accelerated drive to expand and secure the Jewish settlements in the occupied territory.

The heads of the Arab village of Abu Dis were told by the West Bank military governor on Sunday that the land which lies between their village and the Jewish settlement of Maaleh Adumin has been declared "state land" and was being seized.

During the past few months, the Israeli authorities have taken over 15,000 acres of the West Bank, by declaring land whose ownership is unclear as state land, according to an East Jerusalem Arab lawyer, who specialises in the land question.

The Likud Government has stepped up the pace of settlement since deciding to call a General Election on June 30. Mr. Ariel Sharon, the Minister in Charge of Settlements, said on Monday that by the election date he would have added 10 more settlements to the West Bank map, bringing the total to 85.

Belgian PM flies to Zaire with promise of backing

BY LARRY KLINGER IN BRUSSELS

THE BELGIAN Prime Minister, Mr. Wilfried Martens, flies to Zaire today for five days of talks aimed at improving Belgium's relations with its vast, strategically important, former colony. He takes to President Mobutu Sese Seko a promise of Belgian support for any necessary rescheduling of foreign debts in the coming talks on further Western help to stabilise the Zaire economy.

Renewed talks on further assistence to Zaire are due to start in a few weeks' time among the 10 Western nations in the Paris Group for Zaire. These include Belgium, Britain, France and the U.S.

If these talks are successful, there could be further pressure for a third extension of the already considerably expanded IMF arrangements on Special Drawing Rights for Zaire. But, even though IMF inspectors were sufficiently satisfied with progress in the country to approve all the planned credits to the end of last year, the depth of Zairean indebtedness appears to have been sorely underestimated.

Because of this, Belgian officials believe the IMF stabilisation plan will have to be revised considerably. The Belgian conference on Zaire that preceeded the formation of the Paris Group estimated the country's balance of payments deficit for 1980 at $222m; the real figure now seems around $338m.

External debt due for repayment this year, according to Belgian estimates, totals $520m-$570m against the about $300m estimated in 1979. These estimates put total repayments between 1981-85 at about $2.2bn.

How politics rule the European Monetary System's destiny

BY JONATHAN CARR IN BONN

"THE EUROPEAN Monetary System (EMS) came into being when it did mainly because there was a weak U.S. President in the White House." This comment by a West German, peculiarly well placed to make a judgment, comes as the EMS approaches its second anniversary next month and the dollar rides relatively high, buoyed not least by the so-called "Reagan bonus."

It helps underline that from Bonn's viewpoint the stimulus for the EMS was in the first place a political one—and that political factors mainly condition its current state and future development.

That does not imply that the system's co-founders, Chancellor Helmut Schmidt of West Germany and President Valery Giscard d'Estaing of France, had no good monetary and economic arguments for trying to create "a zone of monetary stability" in Europe. They plainly believed that the sharp fluctuations of a currency can itself influence domestic economic developments as well as reflect them, that the EEC's farm pricing was close to collapse under a system of floating rates, and that trade would benefit from greater currency stability.

But it is pointed out here that had President Jimmy Carter's conduct of policy not been judged unreliable and alarming in both Bonn and Paris, and had the dollar not plummeted in apparent reflection of that, then the EMS would not have emerged when it did.

It was felt at the highest level in Bonn that the U.S. was abandoning the economic and financial leadership of the Western world and that Europeans—dependent on the dollar as by far the most important reserve currency—could not just sit by.

The political delicacy of all this is the key reason why the West German and French leaders initially entrusted the technical elaboration of the EMS to their personal representatives, not to the normal EEC bodies. The issues involved were felt too important to be left only to monetary experts.

After the EMS cat began to emerge from the bag at the EEC summit conference in Copenhagen in April, 1978, much public discussion concentrated on the highly abstruse mechanics of fluctuation margins, divergence indicators and so on. But seen from Bonn, the political stimulus remained the key factor.

There was praise for the then Prime Minister of Italy, Sig. Giulio Andreotti, for showing what was held to be political acuity in agreeing in principle to EMS membership against some weighty arguments from his central bank. There was a strong suspicion that Britain was raising objections to the EMS less for monetary reasons than because of the special Anglo-American relationship.

Neither President Giscard nor Chancellor Schmidt (right) wanted the second stage of the European Monetary System, which they co-founded, to complicate their election campaigns. The second stage was delayed. The very close understanding between the two leaders has also helped to resolve potentially divisive issues

This suspicion has been strengthened by the change in Britain's arguments against EMS membership. At first, sterling was too weak to participate; it is now too strong. But, politically, Bonn is as interested as ever in seeing Britain in the EMS—quite apart from the technical benefits it is felt the system would enjoy from the participation of a third major currency in addition to the Deutsche Mark and the French franc.

In the meantime, the transition to the second stage of the EMS (due to start in March, 1981 "at latest") has been delayed for political reasons. The decision was taken privately last year by Herr Schmidt and President Giscard and later rubber-stamped by the European Council. Neither leader wanted the sensitive issue of national sovereignty involved in the second stage of the EMS further to complicate his election campaign last autumn in West Germany, this spring in France.

There have been recent complaints — notably from some West German bankers — that the EMS is artificially distorting trade between, and economic development within, the EMS member States by maintaining some participating currencies around an unrealistic central rate. It is suggested that relatively high nominal interest rates in France, combined with an obvious French reluctance to devalue the franc, have meant capital outflows from West Germany, artificially boosting the French currency and depressing the West German.

The Bonn response is that President Giscard and M. Raymond Barre, the Prime Minister, remain as determined as ever to fight inflation despite all setbacks, that they see a strong franc within the EMS as essential to this fight. This is said to have been confirmed again in recent bilateral talks and exactly the same is said to apply for Belgium.

It is, of course, not clear what policy will be followed if President Giscard and M. Barre are removed at the forthcoming election. The West German Government would have been happy if the French had felt able to drop their interest rates a little. But the French said they could not at present and the West Germans say they have an urgent national interest in seeing the French anti-inflation policy succeed. This is just one example of a potentially divisive matter defused by the very close understanding between the countries top leaders.

It is further stressed that the problems in the EMS exist not because of the Duetsche Mark-franc relationship but essentially because of that between the Deutsche Mark and the dollar. The mark, as the world's second reserve currency, automatically reacts more sharply to dollar fluctuations than the other EMS currencies do. This produces strains within the system.

To this extent, the presence of a strong U.S. President in the White House is bringing a lot of new currency headaches—even if the political stimulus for them is, in itself, greatly welcomed. While some immediate practical steps might be taken to improve currency intervention policy between the U.S. and Europe (as suggested last week by M. Jacques van Ypersele, former chairman of the European Monetary Committee), the broader answer as seen from Bonn is, again, one with major political implications.

This would involve boosting the ECU (formerly called the European Currency Unit) as a European reserve currency which would eventually take the strain off the Deutsche Mark. It would lead to the creation of a European Monetary Fund (EMF), ultimately with the tasks of a central bank. This would oversee the currency with which it was charged, regulating money supply and so on.

The key issue is whether this fund would be an independent institution, as the Bundesbank is independent of the West German Government, or ultimately responsible to decisions taken by politicians via the EEC Council of Ministers.

It is wholly clear that as matters stand the Bundesbank would not be prepared to swap its national independence for political dependence at the European level. Anyone who feared (or hoped) that the Bundesbank President, (Herr Karl Otto Poehl, as a member of the ruling party in Bonn) might be less jealous of the independence of the central bank than his predecessor, has long since had cause to think again.

But would the French — let alone the British — support an independent E[illegible] institution of the ki[illegible] would welcome. These are major issues which are seen in Bonn as capable of resolution only in the broader context of a co[illegible] European policy, including foreign policy, and monetary affairs [illegible]

Unrest spreads in New Zealand

By Dai Hayward in Wellington

NEW ZEALAND'S industrial unrest continued to spread rapidly yesterday despite the personal intervention of Mr. Robert Muldoon, the Prime Minister. The crisis has now gone far beyond Tuesday's *original dispute, concerning a* wage claim by airport engineers of Air New Zealand and hinges on the demand by the country's trade unions that legislation be introduced to permit lawful picketing.

Forty-eight members of the airport engineers union were arrested after mounting a solid picket line to turn back non union labour at the airport. Picketing has always been regarded as a traditional right in New Zealand but has never been given any legislative safeguard.

The result has been protest strikes by thousands of workers in a wide range of industries, crippling Auckland, New Zealand's largest city, and spreading to Wellington and the provincial areas of the north island. *Many union leaders have* declared that their members will not return to work while any of those arrested are still in jail.

Yesterday, there were no *deliveries in Auckland of* milk, bread, petrol or beer. The city's airport, along with two provincial north island airports, is closed completely to Air New Zealand's *domestic* and *international* flights until at least Friday night. Seamen throughout the country are on strike and all passenger ferry services between the north and south islands are tied up.

Engineers, bus drivers, boiler makers, security guards, cleaners, petrol tanker drivers, car assembly workers, freezing industry workers, *paper mill workers, rubbish* collectors, transport drivers and some sections of the railwaymen, along with many other factory and industrial workers have stopped work in *protest at the arrest of* the pickets.

Mr. Muldoon's intervention yesterday came in a series of telephone calls with Air New Zealand which helped to negotiate the basis *for a reurn to* work by the airport engineers. But many unions quickly made it clear that this is now a side issue.

Six of the 48 men arrested on Wednesday have *refused* bail and say they will stay in Auckland's Mount Eden prison until a change in the labour laws.

One of those still in jail is Mr. Jim Butterworth, Secretary of the engineers' union. Yesterday a telephone was connected to his cell so that he can talk to other union leaders and be consulted on strike developments.

The attitude of Mr. Butterworth and the others who have declined bail has given support to accusations that the engineers' union deliberately provoked a confrontation at the airport and invited the arrest of the men on the picket line. Mr. Jim Bolger, Minister of Labour, has accused the union of doing this, and Mr. Muldoon has acquiesced.

Mr. Wallace Rowling, leader of the Opposition, has accused Mr. Bolger and the Government of failing to make any attempt to resolve the engineers' pay strike because they knew it would escalate and possibly give the Government a political advantage.

There are some, including some MPs, who believe Mr. Muldoon could use the unrest to call a snap election. Twice in recent years the Government has won an election with the help of a protracted strike.

Riyadh is torn between its desire for political non-alignment and its need for Western protection, writes **Richard Johns**

The dilemmas of Saudi defence

U.S. surveillance aircraft, above right, help to guard the Saudi oilfields, but Crown Prince Faud says his country will buy Russian arms if the West does not supply what Riyadh wants, including longer-range F-15s, left, and Leopard tanks, below right.

VISIBLE FROM any civilian flight landing at Riyadh Airport are three U.S. Air Force radar surveillance aircraft, their ungainly mushroom-like sensors protruding from the fuselages. Since last October, one of the four airborne warning and control systems (AWACS) carried by the Boeing 707s has maintained a non-stop vigil over the Gulf and the war across the waterway between Iraq and Iran.

The presence of aerial electronic warning systems on Saudi soil suggests contradictions in Saudi foreign policy. Saudi Arabia has tended increasingly over the past three years *to see non-alignment and* rejection of superpower interference in the Gulf as the safest political course.

In practice, it remains as dependent for its protection on the West as ever — a fact highlighted rather than disguised by Crown Prince Fahd's recent statement that the Kingdom would seek Russian arms if it could not get what it wanted from the U.S. and Europe.

At the end of last month, Saudi Arabia, together with 37 other members of the Islamic Conference Organisation, subscribed solemnly to the Mecca Declaration. This expressed "deep concern over the increasing rivalry between the superpowers, their competition for spheres of influence and their increasing endeavours to intensify their military presence in the areas near and adjacent to the states of the Islamic world, such as the Indian Ocean, the Arabian Sea, the Red Sea and the Gulf." Stability of the Gulf and security of its sea-lanes should be the "exclusive responsibility of the Gulf states without any foreign interference," the declaration emphasised.

Since then it has established, in conjunction with the other five conservative Arab oil-producing states of the region, the *Gulf Council for* Co-operation which, despite denials, is clearly designed as an institutional framework for a collective security pact.

The success of the Islamic *Conference has only increased* the onus on Saudi Arabia to use its oil power to put pressure on the U.S. and, indirectly, Israel. But *paradoxically* this intensified commitment comes when Saudi Arabia is feeling particularly vulnerable.

The Gulf War has greatly increased its feeling of exposure. When President Saddam Hussein of Iraq embarked on open war six months ago, Saudi Arabia initially exulted in Iraq's military progress and offered "safe haven" to its forces. Enthusiasm was soon temepered by Ayatollah Khomeini's threat of retaliation and the possibility of a regional war reaching the southern littoral of the Gulf.

Notwithstanding the rapid decline in Iran's air power and doubtful prospects of its early recovery, the Saudi leadership is still obsessed by the long-term threat from that turbulent, nationalistic country. In this context, the request for additional equipment to enhance the capability of the 62 F-15 combat aicraft on order from the U.S. has taken on new urgency.

The U.S. radar surveillance aircraft extend by six or so minutes the 15-minute warning given by ground radar of an attack from Bushire across the Gulf. *The Royal Saudi Air* Force's ageing British Lightning interceptors and F-5 fighter bombers, and a limited number of Hawk surface-to-air missile batteries and anti-aircraft guns now give little protection.

Both the U.S. State Department and the Pentagon appear to agree that the number of F-15s on order is inadequate to defend a land mass the size of India. But their considered opinion seems to be that the aircraft could at least defend the oilfields, which could be knocked out for six months to two years by a well-aimed strike. The intended deployment of the F-15s is clearly to the north-east, which undermines the Israeli contention that Saudi possession of F-15s poses a threat to the Jewish state.

But by espousing so vocifer*ously the cause of "Holy War"* against Israel, Saudi Arabia has only itself to blame if Israel's argument is taken seriously.

Far more serious to the West than the largely rhetorical Jihad cry are the pressures building up on the Saudi leadership to restrain oil production. Except in 1973, when the "oil weapon" was used in the heat of war, the policy has consistently been one of persuasion through moderation, with only occasional hints of sanctions.

To *make* good the loss of Iraqi and Iranian oil supplies, the Kingdom has been producing 10.3m barrels a day, generating an income far surpassing its financial needs. In the absence of any discernable shift in U.S. policy towards Israel, such generosity may become increasingly untenable in the Arab world.

Saudi Arabia was committed to a U.S. supplied aerial defence system not only because it wanted the best available technology, but also because it wanted the U.S. armad forces to be able to use the Kingdom's facilities *in grave emergency*. It now looks as if it will be forced to distance itself increasingly from Washington *if President* Ronald Reagan fails to break the deadlock in the Middle East peace negotiations.

The $3.5bn deal signed with France last September for building up the embryo Royal Saudi Navy must be seen in this context. The Kingdom may well have already undertaken to devote some of its petrodollars to helping Dassault to develop the Mirage 4000, with a view to buying the aircraft in substantial numbers. Similarly, Prince Sultan is clearly bent on buying Leopard tanks from West Germany, *and has expressed* interest in the Tornado multi-role combat aircraft.

The manner in which Saudi Arabia is going about seeking alternative arms supplies may not make sense in terms of military co-ordination. The U.S. is already completing an elementary naval developement programme which has run into difficulties because of shortages of Saudi manpower. The Army already has U.S.-made M-60 and French Amex 30 tanks, and is taking delivery of more. It is having difficulty absorbing them.

The fact is that Saudi Arabia *is diversifying its sources of* arms for the short-term political objective of disconcerting the U.S., and for the long-term aim of making what it sees as prudent provision for the future.

Zimbabwe pledged to mixed economy

BY OUR SALISBURY CORRESPONDENT

Mr. Chidzero

A COMMITMENT to previously-stated policies of a mixed economy but with increased participation by both the state and Zimbabwean nationals is made in the Zimbabwe Government's economic policy document, *Growth with Equity*, published yesterday.

It is the most definitive statement of government economic policy since Mr. Mugabe's Zanu PF won the independence elections almost a year ago and comes three weeks ahead of the Zimcord Donor conference to be held here next month at which Zimbabwe will be asking the international community for Z$1.2bn (£800m) over the next three years.

The White Paper says one of the Government's main objectives is "to end imperialist exploitation and achieve a *greater* and more equitable degree of ownership of natural resources, including land, and to promote participation in, and ownership of, a significant portion of the economy by nationals and by the state."

The only sector likely to be unhappy with the document is the mining industry following a comment by Dr. Bernard Chidzero, the Minister of Economic Planning and Development, who told a news conference yesterday that the Government had taken a decision in principle to establish a state-owned minerals and metals marketing agency.

One mining industry executive immediately described this as "as bad as nationalisation," but the minister made it clear that the details of the proposed agency would be the subject of consultation with the industry.

While the policy paper is essentially middle-of-the-road in content, it is deliberately less than specific on a number of issues which will be of major importance to foreign investors. This leaves the *Government* free to negotiate on a case by case basis with foreign businessmen.

The policy document says foreign investment will be wel*comed especially* in rural areas, where foreign investors contribute required technology, where labour-intensive techniques are adopted, where greater use is made of local raw materials and where exports are generated.

As a general rule, it says, dilution of domestic control will not be allowed, nor will existing domestic control of equity be allowed to pass into foreign hands. While government is fully aware of the need for profit and capital repatriation, this will be constrained by the balance of payments situation and by Zimbabwe's interest in promoting the reinvestment of profits. *While the Government encour*ages foreign investment, the paper says, it is anxious to "minimise those practices of the transnational corporations that are inimical to a country's development."

The White Paper proposes the establishment of a national development bank which will lend to the State, to parastatals, to joint ventures and even to *foreign investors*. Also planned are a national tourism corporation and state trading organisations apparently designed to develop trading links with similar state trading agencies in other (centrally-planned) economies.

On trade, the document says import controls will be retained in the short-term for balance of payments and other considerations but in the medium- to long-term emphasisis will shift to protection of industry via the customs tariff.

In agriculture, the policy paper repeats the Government's commitment to land reform programmes which will increase the area of land held by the black majority. A system of industrial licensing to ensure that private sector investment programmes are consistent with *the Government's development* plan is also suggested.

For all the socialist rhetoric and references to state participation, the policy document must be seen within the framework of the Government's own transitional development plan for the 1981/84 period which not only envisages that more than half the total investment of about Z$4.9bn will be carried out by private enterprise but also that a substantial proportion of the remaining investment by the state will be provided from the private sector.

Hong Kong Budget cuts tax burden and plans 8% growth

BY KEVIN RAFFERTY IN HONG KONG

HONG KONG'S corporation tax was reduced and personal income allowances were increased by Sir Philip Haddon-Cave, *the Financial Secretary*, in his annual Budget delivered yesterday.

Sir Philip criticised "prophets of doom" and predicted that the British-run territory would enjoy real growth of 8 per cent in 1981. Though this would be lower than the 9 per cent achieved last year and the lowest rate since the recession of the mid-1970s, Sir Philip described it as "a very respectable rate" by international standards and above Hong Kong's trend growth rate.

He cut the corporation tax from 17 per cent to 16.5 per cent and increased personal income allowances by 50 per cent. The standard personal income tax rate in Hong Kong remains at 15 per cent. The Budget also simplifies depreciation provisions in an effort to boost reinvestment and modernisation. In spite of the tax cuts Hong Kong expects a Budget *surplus of nearly* HK$8bn (£647m).

To strengthen the financial sector Sir Philip announced a plan to set up a new form of merchant bank which would take deposits of more than HK$500,000 with no limit on how long they would be left with the bank.

The Financial Secretary warned that Hong Kong would have to guard against further encroachment by the rich industrialised countries on free trade, especially in textiles *which are the lifeblood of the* territory, accounting for 40 per cent of its domestic exports, 45 per cent of manufacturing output and 43 per cent of employment in manufacturing.

He singled out the EEC for blame and complained that the multifibre arrangement was "forced on the relatively large developing country suppliers, allegedly to benefit small developing country suppliers and new entrants to the trade." He said the arrangement proved of benefit only to the *trade of the developed* countries.

Sir Philip forecast that the growth rate of both exports and imports would slow, with imports growing by 13 per cent *and exports by 12 per cent, and* that the trade gap would widen. In 1980 total exports were more than HK$98.2bn (£8bn) and imports HK$111.7bn.

China tells Dutch envoy to leave

By Tony Walker in Peking

CHINA HAS effectively told the Dutch ambassador that he has only a few days to get ready to leave the country because of The Hague's decision to go ahead with submarine sales to Taiwan.

A Foreign Ministry spokesman said yesterday: "In view of the fact that the Dutch Government persists in its erroneous decision and wilfully strains relations with China, the Chinese Government will have to make further reactions in the next few days."

In January, China *told the* Netherlands that if the sale went ahead it would ask its ambassador to leave.

The Foreign Ministry had made clear the Chinese Gov*ernment's disapproval* of the submarine deal with Taiwan, the spokesman said. "It requested that the diplomatic relations between the two countries be downgraded to the level *of charge d'affaires and* proposed that the two sides enter into negotiations on this matter."

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hambros Bank	14 %
Allied Irish Bank	14 %	■ Hill, Samuel	§14 %
American Express Bk.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Keyser Ullmann	14 %
AP Bank Ltd.	14 %	Knowsley & Co. Ltd.	16 %
■ Arbuthnot Latham	14 %	Langris Trust Ltd.	14 %
Associates Cap. Corp.	14 %	Lloyds Bank	14 %
Banco de Bilbao	14 %	Edward Manson & Co.	15 %
BCCI	14 %	Midland Bank	14 %
Bank of Cyprus	14 %	■ Samuel Montagu	14 %
Bank of N.S.W.	14 %	■ Morgan Grenfell	14 %
Banque Belge Ltd.	14 %	National Westminster	14 %
Banque du Rhone et de la Tamise S.A.	14½ %	Norwich General Trust	14 %
Barclays Bank	14 %	P. S. Refson & Co.	14 %
Beneficial Trust Ltd.	15 %	Rossminster	14 %
Bremar Holdings Ltd.	15 %	Ryl. Bk. Canada (Ldn.)	14 %
Brit. Bank of Mid. East	14 %	Slavenburg's Bank	14 %
■ Brown Shipley	14 %	E. S. Schwab	14 %
Canada Perm't Trust	15 %	Standard Chartered	‖14 %
Cayzer Ltd.	14 %	Trade Dev. Bank	14 %
Cedar Holdings	14 %	Trustee Savings Bank	14 %
■ Charterhouse Japhet	14 %	Twentieth Century Bk.	14 %
Choulartons	14 %	United Bank of Kuwait	14 %
C. E. Coates	14 %	Whiteaway Laidlaw	14½ %
Consolidated Credits	14 %	Williams & Glyn's	14 %
Co-operative Bank	*14 %	Wintrust Secs. Ltd.	14 %
Corinthian Secs.	14 %	Yorkshire Bank	14 %
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E. T. Trust Limited	14 %		
First Nat. Fin. Corp.	16½ %		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	¶14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month 11¾%. Short term £4,000/12 months 13.35%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.
‡ Call deposits £1,000 and over 11½%.
¶ 7-day deposits 12%.
§ Demand deposits 12%.
‖ 21-day deposits over £1,000 13%.

AMERICAN NEWS

Lower U.S. inflation rate provides 'little basis for optimism'

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

CONSUMER prices in the U.S. rose by 0.7 per cent in January, more modestly than in previous months, because of low food prices and a slower rate of growth in housing costs.

Even senior Reagan Administration officials, however, doubt the improvement will prove other than temporary.

Mr. Murray Weidenbaum, chairman of the Council of Economic Advisers, said that the lower inflation rate, while welcome, "provides little basis for optimism with regard to the underlying rate of inflation."

In particular, he noted that the slight decline in food prices was more than offset by the jump in the cost of energy and that, overall, prices were still 11.7 per cent higher than 12 months ago.

From September to December, the index rose by a steady 1 per cent a month, with December's figures fractionally above that.

A key factor has been the cost of housing, reflecting the surge in interest rates. In January, the housing component went up by a more modest 0.8 per cent as interest rates peaked and house prices fell somewhat.

There was no change at all in January in the food and beverages index, with the price of food bought at grocery shops actually falling, for the first time in 11 months, by 0.4 per cent. But few experts see this trend continuing for long.

Energy prices rose 3 per cent, with petrol alone going up by 3.8 per cent. This mostly reflects adjustment to higher prices from the Organisation of Petroleum Exporting Countries, meaning that the impact of President Reagan's decision towards the end of January to remove the remaining federal price controls on domestic oil, which has added approximately 10 cents to a gallon, has yet to show up in the index.

The economic assumptions in the President's economic package of last week project an 11.1 per cent increase in the consumer price index this year if, and it is a big qualification, his proposals are enacted speedily and in full by Congress.

AP reports: A federal judge yesterday upheld President whether the improvement will prove other than temporary. Reagan's retroactive freeze on federal recruitment. The judge ruled that thousands of people who were told between November and January that they had jobs waiting had not been hired after all.

District Judge Charles Richey said Mr. Reagan's action, taken on Inauguration Day, January 20, but backdated to November 5, was "neither unconstitutional nor contrary to law

Mr. Lougheed: ready for long struggle.

Alberta to go ahead with oil cut

By Victor Mackie in Ottawa

ALBERTA'S provincial government has rejected a request from the federal Minister of Energy, Mr. Marc Lalonde, to postpone its planned cut in oil production. Mr. Peter Lougheed, the province's Premier, has announced that a 5 per cent reduction, or 60,000 barrels a day, will commence on Sunday.

This cut could cost the federal Government about C$3 per Canadian every month, petroleum industry officials say, because more oil will have to be purchased abroad.

Alberta's Premier said the province was proceeding with the cut, first announced last autumn, because there was no indication that the federal Government would modify its energy pricing policy.

Mr. Lalonde announced that he had formally asked Alberta to delay the cut in a letter to the provincial Energy Minister, Mr. Merv Leitch.

Mr. Lougheed promised to restore full production in the event of a national energy shortage. He added, however, that he was prepared "to go the long haul" in his fight with Ottawa for higher oil prices and a larger share of oil and gas revenue.

If the dispute is not resolved, production cuts will reach 120,000 b/d by June and 180,000 b/d, 15 per cent of production, by September. The domestic price of Alberta crude is C$18.75 a barrel. Canada will have to make up the shortfall by buying from foreign suppliers at more than C$40 a barrel.

Way cleared for issue of Chrysler securities

BY IAN HARGREAVES IN NEW YORK

THE CHRYSLER Loan Guarantee Board expects to put the final rubber stamp on the ailing motor company's application for $400m (£174m) in loan guarantees early tomorrow, clearing the way for Salomon Brothers to issue the guaranteed securities in New York when the markets open.

The way was almost cleared for this to happen when a group of banks led by Citibank of New York agreed to compromise over the question of exactly when it and Chrysler's other 150 banks will receive the $150m they have agreed to accept in return for writing off over $1bn of Chrysler debt.

Although all the banks have not yet signed the necessary documents, the board said it remained confident that its latest deadline for approving the agreement would be met.

The original conditional agreement on the $400m in aid allowed Chrysler the option of whether to buy out its debt in return for a small cash payment, but the final deal nails Chrysler down to specific and dated progress payments.

This has been done because the banks fear that Chrysler, having received the $400m, most of which it owes to suppliers, wil go bankrupt this summer.

HOUSING FINANCE INSTITUTIONS UNDER SIEGE

End of the line for fixed-rate mortgages

BY DAVID LASCELLES IN NEW YORK

WHATEVER GOOD the Reagan economic package does to the U.S. economy, one part will never be the same again: housing finance. Ravaged by record interest rates, the savings banks (or thrifts)—which perform the same function as building societies in the UK—are in deep financial trouble. The U.S. is also witnessing the rapid demise of the fixed-rate 30-year mortgage, once the cornerstone of the housing industry.

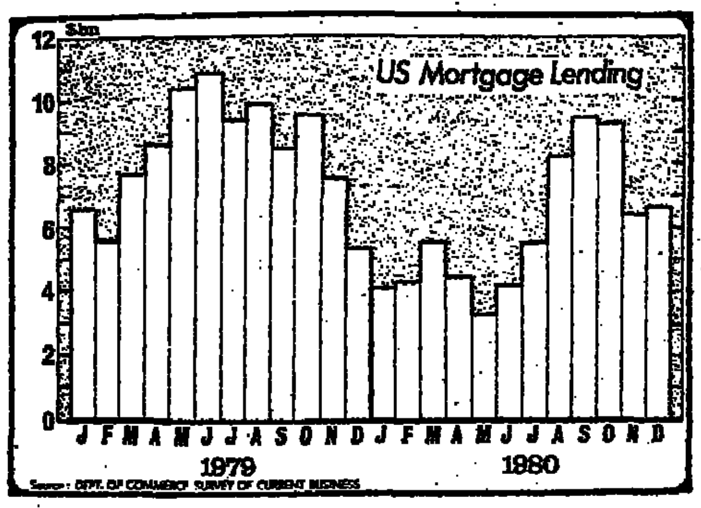
The thrifts (which unlike commercial banks can lend only as much money as they take from depositors) have been caught in a vicious three-way squeeze which has left many perilously close to collapse. Indeed, the Federal Savings and Loan Insurance Corporation, guardian of the thrift industry, spent $1.3bn last year rescuing no fewer than 35 institutions from disaster.

On one hand, the thrifts were lumbered with low-yielding mortgages they put out when interest rates were only half their present levels. Unlike the practice in Europe, these mortgages are not adjustable. The borrower makes the same monthly payment over the entire life of the mortgage, whatever happens to interest rates. Some lucky homeowners today still have 5 per cent mortgages, although the average is probably closer to 10 per cent. But even this is well below the 15 per cent levels which prevailed recently.

On another front, thrifts have bumped up against usury ceilings—state laws which put a maximum on the interest chargeable on loans to individuals. In many cases, these are only 12 per cent, which effectively suffocated the mortgage business last year. Although many states, New York for example, are easing these limits, their action could have come sooner.

On a third side, the thrifts have been handicapped in their quest for *deposits by regulations* which limit how much interest they can pay depositors—just over 5 per cent for demand deposits, up to the low teens for term deposits. Although these rules have also been relaxed a little, the savings and loan companies still consider themselves at a big disadvantage *vis-a-vis* new-fangled money market funds, which now offer 16 to 18 per cent on what are little more than bank accounts in disguise. The whole question of interest rate ceilings is being studied by a high-level government task force including the Federal Reserve and the Treasury. But, again, its actions will almost certainly come too late to repair the damage of the past two years.

What this adds up to is that



thrifts have been unable to compete effectively for deposits, and many are unable to lend whatever funds they get at economic rates. Some of the country's biggest thrift institutions (*in California*) reported huge losses last year.

Apart from lobbying for change and wooing depositors with "free" gifts (including, in one New York case, a Rolls-Royce), the thrifts have been forced to respond by fundamentally altering their methods of doing business. The way was cleared by a series of measures *introduced over the past couple* of years at federal and state levels allowing European-style floating or flexible rate mortgages.

These will enable thrifts to adjust the yield on their loans to match changes in interest rates so that they need not *be caught again* between low-yielding assets and wildly fluctuating funding costs.

The first steps were tentative: some offered five-year roll-overs—essentially mortgages where the rate is adjusted every five years. But the adjustment period is being increasingly reduced to the point where six months is quite common, although limits are frequently imposed on how much the interest rate may vary over the life of the mortgage: for example, three points above or below the sign-up rate.

But even more fanciful forms of finance are being offered, including a shared equity mortgage, where the institution lends funds below the going rate *in exchange for a share* in the profit on the property when it is sold.

Whatever the form, however, all these changes mark a sharp departure from the American housing dream. By all accounts it is now virtually impossible to obtain a fixed-rate mortgage in California, the biggest state in the union and the one which has moved fastest in the new direction. They are still available in the Mid-West and the East, but selling out fast.

These developments have been bewailed by economists who see them as further evidence of the erosion of discipline in the U.S. capital markets. On the other hand, they *arguably mark* a necessary compromise with the new realities which should preserve the flow of finance.

It is still possible, of course, that President Ronald Reagan's programme will provoke a quick and sharp fall in interest rates which will make possible a return to the good old days. But the feling is that there has been such a shift in the fundamentals since 1978 that the original structures can never be restored.

Washington may increase arms aid to Salvador

BY JOHN WYLES IN BRUSSELS

THE U.S. said yesterday that it might be forced to step up arms shipments to El Salvador if Cuba did not halt shipments to left-wing guerrillas challenging the regime of President Napoleon Duarte.

hTe warning was delivered here by Mr. Herman Cohen, *deputy Assistant Secretary of* State, who is leading a team of officials on a tour of European capitals.

Washington is now appealing for concerted pressure on the Cuban Government to halt arms deliveries which, Mr. Cohen said, were mostly U.S. weapons forwarded from Vietnam and Ethyopia.

The U.S. wants European Christian Democrat and Socialist parties to urge their Salvador counterparts to resume a dialogue aimed at strengthening the democractic centre

Mr. Cohen, who was given a decidedly cool reception by British MPs in London on Tuesday, pointed out yesterday tha President Duarte is a Christian Democrat and that the Revolutionary Democractic Front, led by Sr. Gillermo Ungo, is linked with the Socialist *International*.

David Satter adds from Moscow: The Soviet Union is not supplying arms to El Salvador and charges about Soviet military aid to the Marxist guerrillas there should not be allowed to impede a U.S.-Soviet summit, Mr. Leonid Zamyatin, the Kremlin Press spokesman, said yesterday.

The Kremlin spokesman said the people of El Salvador were not in rebellion because of the Soviet Union but in reaction to a "fascist junta" which ruled "with American support."

Democrats baulk at Reagan cuts

BY DAVID BUCHAN IN WASHINGTON

EARLY SKIRMISHES on Capitol Hill this week have shown that President Reagan faces a harder task in getting his economic programme through the Democrat-controlled House of Representatives than the Senate and that backing from state Governors may be at the cost of congressional support in general.

Mr. Reagan won half a victory when the country's Governors voted this week by 36 to 2 to give qualified support to his planned federal budget cuts. State Governors are important shapers of public opinion and can influence their state's congressional delegations. Negative votes and abstentions came mainly from Governors from the North-east who fear *Mr. Reagan's planned welfare* and public transport cuts.

But the Governors' meeting in Washington set conditions on their overall approval, in particular that tax burdens should not be shifted to the states and that Congress should take the string off the use of federal aid to states. Under pressure from Congress, however, Mr. Reagan has squashed the idea of a Federal petrol tax increase to ease new burdens on the states and Congress has shown no inclination to loosen its policy control over federal money.

Meanwhile, the Democratic majority in the House has voiced scepticism about Mr. Reagan's tax and spending cuts.

Mr. Dan Rostenkowski, chairman of the House Ways and Means Committee, where all tax legislation must originate, promised that the final tax Bill would be "our product." House charges are less likely to affect *the Reagan plan for faster* depreciation for business, over which there is little partisan quarrel, than the proposed 30 per cent cut in income tax rates over three years. Democrats complain that this would give most relief to the better off.

The White House believes that speedy treatment of the Reagan economic package is essential, before the diverse interest on Capitol Hill have time to pull it to shreds. But detailed consideration of the 1981-82 budget, in which Mr. Reagan wants to cut nearly $50bn from the level proposed by the last Administration, cannot begin until March 10, at the earliest, when the revised Reagan budet is presented in full.

The Administration has drawn comfort from the Senate where so far Democrats, newly in the minority, are accepting *Republican plans. Both parties'* leaders in the Senate Budget Committee have drawn up a plan to cut spending by $125.9bn over the next three years.

On Saturday April 4th at 12.30 p.m. 42 privileged people will lift off from Gatwick, heading west in a DC10-30 as blue and green as the Florida Keys, and rediscover what first class air travel used to be all about. Will you be aboard?

Air Florida is on its way, flying London-Miami every day* from April 4th. America's fastest growing airline making yet more aviation history by putting the clock magically back to the era when a First Class passenger was someone to be wooed and pampered, not an economic unit to be packaged.

As you have surely noticed, something very sad is happening to air travel in these unromantic 1980's. Many airlines are phasing out First Class service altogether. Others have shaved it subtly back to a shadow of its former glory —yet their prices do not reflect the economies made.

Away with all that! Air Florida is now operating out of London, and First Class air travel is about to step gracefully backwards into the future.

Book Air Florida First to Miami, and be pleasurably astonished by what happens!

Where shall we send the Rolls?

Getting to the airport can often use up more adrenalin and generate more gastric acids than an entire flight round the world by Tiger Moth. Besides why waste good spending money on airport parking fees or trains or taxis?

Make the arrangement when you book, and Air Florida will pick you up by chauffeur-driven Rolls-Royce from your home or office anywhere in Central London. Let us know when you're returning, and we'll do the same thing in reverse, ushering you back into town in the manner to which you will by then have become accustomed. (If all our Rolls-Royces are spoken for we'll be sure to send you an alternative luxurious conveyance.)

There is, of course, no charge and purring towards Gatwick, you may ask yourself what kind of airline is civilised enough to offer a thoughtful little extra like this.

A word about your hosts.

In nine years, Air Florida has grown faster than any other American airline, spreading its wings to cover not just the Everglades States but also the Texas where real-life JR's expect service rather than excuses, as well as the wide Caribbean, the far Bahamas, with links to Latin America and the business-runs down to Rio and beyond.

In the States, Air Florida are calling the hyper-first-class service you are about to enjoy 'Upper Class'.® Sensitivity has persuaded us, however, that this title (however accurate) might seem a little brash in the land that brought forth Jeeves and the Admirable Crichton. Therefore ask merely for Air Florida First Class.

An invitation to Air Florida's First Class lounge is waiting for you at the check-in desk.

It's a haven of peace won from amidst the bedlam of a modern airport. Deep armchairs, newspapers and magazines, a properly stocked bar, telephones and whatever else we can do to put you into a first class frame of mind before we escort you to the departure area.

With the Filet de Veau Oscar, will you drink the chateau-bottled vintage Claret, the schloss-bottled Hock, or will you just stick with the Champagne?

39,000 ft and 530 m.p.h. were never less relevant to your thoughts. You were welcomed aboard with Champagne au Framboises (or, if you thought that was a waste of good raspberries, with plain champagne) and now the white starched linen that provided a setting for the caviar and foie gras and smoked salmon appetisers has been crowned by crisp blue linen and the serious eating is about to begin. Air Florida's London chefs have obviously worked hard before dawn and chosen well in Smithfield, Billingsgate and Nine Elms.

Course succeeds course ever more deliciously.

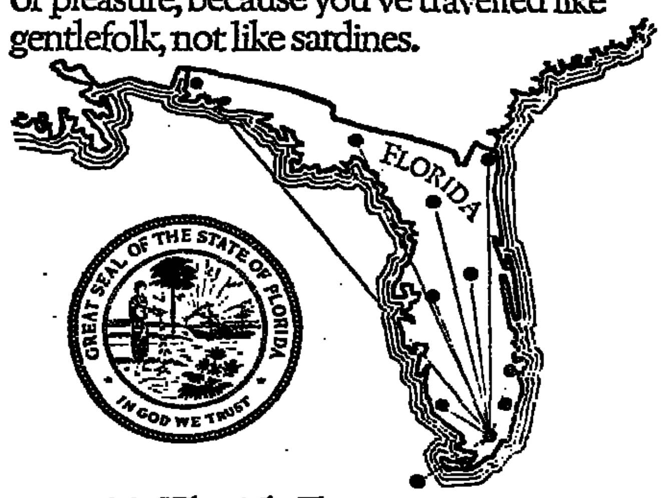
Good wine does taste better out of fully leaded crystal. And would Asparagus or Roquefort really be happy off anything other than bone china? There is nothing to look at outside except the brilliant white cloud carpeting your corridor to Florida. Before you are fully aware that you need it, service is there at your elbow. Will another liqueur and another of those plump and superfine chocolates cause you to expand till you are jammed in your seat? Not at all.

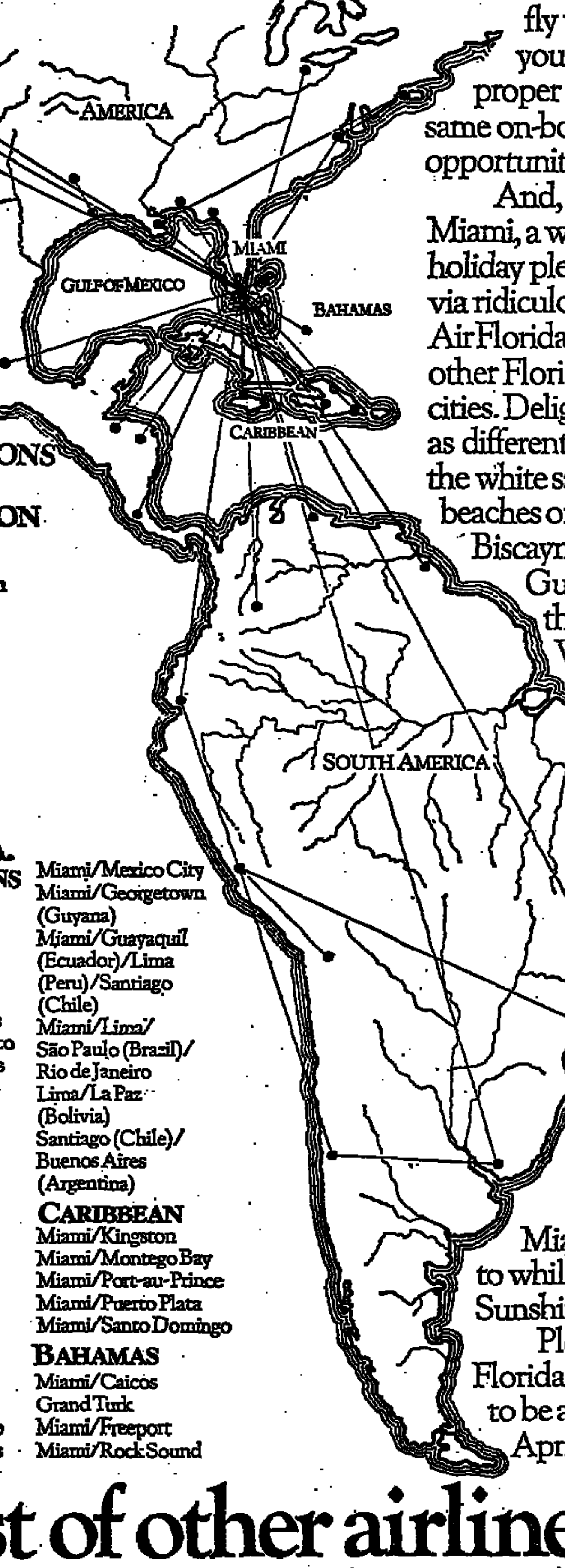
You've given me enough room for two people.

Precisely. The vast, wide-armed reclining chair in which you're lounging would be wasting its sumptuousness if you couldn't stretch out your legs lazily without disturbing the other very important person in front of you. And should this remoteness from your fellow voyagers' elbows and seatbacks make you feel isolated, ring for a back-gammon or Travel Scrabble or chess set or pack of cards and strike up an acquaintance. Unless you'd prefer to use your headset to listen to multi-channel stereo or watch a full-length feature film. (Oh, and look! It isn't the usual hearing-aid style airline headset at all. It's a pair of proper, padded, lightweight pro-stereo head-phones. A minor detail that is typically Air Florida First.)

Touchdown. The bottom line is an unbelievably modest £320—and you can fly swiftly London to Latin America and the Caribbean First Class all the way, for around the same other airlines would charge you Economy!**

More than 50 flights a day out of Miami sew up the Caribbean and Latin American business map deftly. Key destinations: Mexico City, Bogota in Colombia, Caracas in Venezuela, Lima in Peru, Guayaquil in Ecuador, La Paz in Bolivia, Rio de Janeiro and São Paulo in Brazil, Buenos Aires in Argentina and Santiago in Chile, Central America and all the major Caribbean Islands. Arriving fresh and ready for business or pleasure, because you've travelled like gentlefolk, not like sardines.





Connections via Miami From London

Florida
Miami to: Marathon
Key West
Ft. Myers
Ft. Lauderdale
West Palm Beach
Tampa
Orlando
Gainesville
Jacksonville
Tallahassee
Pensacola

Other U.S.A. Destinations
Miami/Toledo
Miami/Washington DC/New York
Miami/Houston/Dallas–Ft. Worth
Miami/Los Angeles
Miami/San Francisco
Miami/New Orleans
Miami/Las Vegas
New Orleans/New York

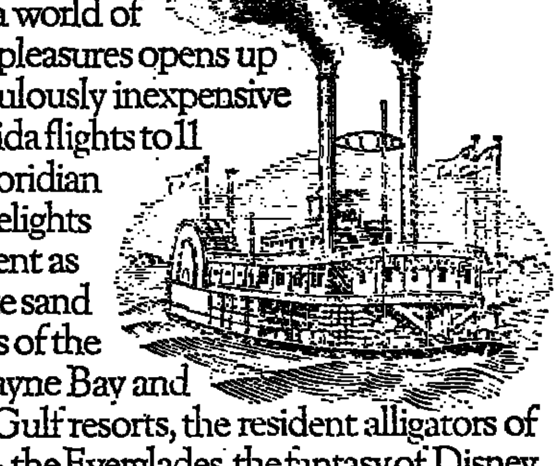
Latin America
Miami/San Pedro Sula
Miami/Tegucigalpa
Miami/San José (Costa Rica)
Miami/Caracas (Venezuela)
Miami/Bogota (Colombia)
Miami/Rio de Janeiro
Miami/Buenos Aires
Miami/Mexico City
Miami/Georgetown (Guyana)
Miami/Guayaquil (Ecuador)/Lima (Peru)/Santiago (Chile)
Miami/Lima/São Paulo (Brazil)/Rio de Janeiro
Lima/La Paz (Bolivia)
Santiago (Chile)/Buenos Aires (Argentina)

Caribbean
Miami/Kingston
Miami/Montego Bay
Miami/Port-au-Prince
Miami/Puerto Plata
Miami/Santo Domingo

Bahamas
Miami/Caicos
Grand Turk
Miami/Freeport
Miami/Rock Sound

Air Florida Economy passengers get full service too—and they get it for an extraordinary £99* London-Miami.**

Even if you don't fly First Class this trip, you'll find Air Florida is a full-service airline. Economy fare—lowest unrestricted fare to Miami—lets you book when you want, fly when you want and return when you want. Your seat is guaranteed as is proper cabin service, hot meals and the same on-board duty free purchase opportunities they're enjoying up front.



And, once in Miami, a world of holiday pleasures opens up via ridiculously inexpensive Air Florida flights to 11 other Floridian cities. Delights as different as the white sand beaches of the Biscayne Bay and Gulf resorts, the resident alligators of the Everglades, the fantasy of Disney World at Orlando, the spectacular sporting facilities, the din and drama of Daytona Speed Week, the abundance of orange groves, the patchwork landscapes of the world's most luscious market gardens, the coral necklace of the offshore Florida Keys, the cornucopia of grape, banana, guava and pineapple, the slow aquabatics of giant turtles and the runaway chase after hooked gamefish.

If you are flying onward from Miami, perhaps you can take time to while away a few days relaxing in the Sunshine State on your way home.

Please ring your travel agent or Air Florida on 01-734 6901/8852 if you want to be aboard at 12.30 p.m. on Saturday April 4th or any day thereafter.

Flying Air Florida First for half the cost of other airlines' first class, and little more than Clipper or Club...that's class.

Air Florida

We put the class back into first.

*Except Wednesdays until April 23rd. **£399 from June 15th ***High season fare: £119 from May 15th to September 30th.
All airline schedules, prices and services are subject to change without prior notice. All information is correct at time of compilation.

WORLD TRADE NEWS

Toyota will decide soon on manufacture in U.S.

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

TOYOTA, Japan's largest motor manufacturer, will shortly be told the results of three feasibility studies commissioned early last year on the advisability of manufacturing motor vehicles in the U.S.

Toyota says, however, that it does not plan to publish the studies. If results are positive, the company's management will decide whether or not to go ahead

The three studies, being prepared by Stanford Research Institute, Arthur D. Little and Nomura Research Institute, were commissioned in May, 1980, at a time when Japanese motor manufacturers were coming under intense pressure to build manufacturing plants in the U.S. The surveys were due to be completed by the end of February and Toyota expects to hear the results in early March.

Both Toyota and Nissan (the number two Japanese car maker) appear to feel that the manufacture of passenger cars in the U.S. would be a risky proposition because of the huge projected increases in the U.S. motor industry's small car production capacity.

Nissan has embarked on a project for building pick-up trucks in Tennessee, but Toyota has so far announced no scheme for building a U.S. manufacturing plant. It is, however, engaged in talks with Ford on possible joint production of cars in the U.S.

The completion of Toyota's feasibility studies will coincide with what appears to be a mounting wave of pressure for further restraints on Japanese car exports to the U.S.

W. Germans to build Iraq plant

BY KEVIN DONE IN FRANKFURT

SALZGITTER and Karl Walter, two West German process plant engineering groups, have won a DM 100m (£21m) order from Iraq for the construction of a brick plant.

This contract is the latest in a series of orders won by the two companies in Iraq for brick plants and brings the total orderbook value in this sector over the last five years to DM 750m (£158m).

Seven brick plants are already in production and a further six worth a total DM 400m are under construction. The latest plant to be ordered will be built in Suweira, some 60 kilometres to the south of Bagdhad.

Delivery of equipment for the plant will begin in the summer and production should start in the summer of 1982. The new plant will have a capacity for producing 160m bricks a year and will bring the total capacity installed by Salzgitter and Karl Walter in Iraq to some 1.2bn bricks a year.

● The Krupp group of West Germany has received orders from Zaire and Botswana for 20 diesel/electric locomotives worth in total some DM 45m. Zaire is buying eight locomotives and Botswana 12, and delivery is due to start at the end of the year.

Fokker delivers F-27s to Bolivia

BY CHARLES BATCHELOR IN AMSTERDAM

FOKKER, the Dutch aircraft manufacturer, has completed the delivery of six F-27 turboprops to Bolivia, following approval from the Dutch Government of export permits for the final two aircraft.

The Government initially refused to grant an export permit after a military Government came to power in Bolivia. Four of the aircraft had already been delivered, but the last two were still in the Netherlands at the time of the military coup.

A number of MPs and pressure groups had called on the Government to block delivery of the final two aircraft, fearing that they would be put to military use.

Fokker, with the support of Mr. Gijs Van Aardenne, Dutch Economics Minister, warned that a failure to complete delivery would damage the company's reputation with foreign customers, and endanger Fl 1.2bn (£235m)-worth of aircraft sales in South America as a whole.

Fokker has announced the sale of seven F-28 jet aircraft and four F-27 turboprops to a number of airlines in deals worth in total about Fl 188m (£36m).

Sri Lanka contract for Whessoe Boving

By Paul Cheeseright

WHESSOE BOVING is to supply hydraulic equipment worth £15m for the Victoria Dam hydroelectric project in Sri Lanka. The company is a joint venture between Whessoe Heavy Engineering of Darlington and Boving of London.

Provision of the equipment and its installation is being *two thirds* financed by the Overseas Development Administration which has made a £100m grant to the Victoria project, part of a wider irrigation scheme organised by the Mahaweli Authority.

The balance of the funds is coming from Manufacturers' Hanover Trust covered by the Export Credits Guarantee Department.

Victoria Dam is the centrepiece of the Mahaweli venture. The main construction work is being undertaken by Balfour Beatty Construction and Edmund Nuttall in a £64m contract. GEC Machines are providing turbine-driven generators worth £6m, while Costain International has a £6.7m order for power station construction.

Boving Whessoe engineers have started to move into Sri Lanka. Site work starts in May and its part of the Victoria Dam contract is planned to be completed by March, 1984. The target date for the completion of Victoria project, being rushed forward by the Sri Lanka Government, is 1984.

UK aerospace drive in India

By Michael Donne, Aerospace Correspondent

THE UK aerospace industry, which sells over £55m of its products to India each year, is mounting a campaign to increase sales of civil and military aviation equipment to that country.

More than 100 representatives of the industry, headed by Mr. Basil Blackwell, president of the Society of British Aerospace Companies, and vice-chairman and chief executive of the Westland Group, is to visit India from March 17, for a series of conferences and exhibitions staged by the SBAC.

The first visit will be to Delhi, followed by a visit to Bangalore—where the Indian aerospace industry itself is primarily based—from March 25.

In Delhi, 28 UK companies will present 46 technical papers about the British industry's capabilities, while another 56 lectures are programmed for Bangalore.

Unions demand export taxes on bulk whisky to save jobs

BY GARETH GRIFFITHS

BULK SCOTCH whisky exports should be taxed, to reduce their present level and to preserve employment in Scotland, a trade union report on *bulk* exports, published yesterday, concludes.

The reports by eight unions with members in the whisky industry, argues that bulk exports are undermining the long-term stability of sales and mean a reduction in jobs.

It wants the Government to impose an export tax in lieu of an outright ban on bulk exports, in order to remain within the provisions of the General Agreement on *Tariffs* and Trade.

The Scotch whisky combine committee has been in existence for six years and its report reflects the mounting concern in Scotland over *the future* of Scotch whisky exports which the unions see as being undermined by bulk sales.

Unions argue that bulk exports help stimulate overseas whiskies, to the detriment of Scotch.

Last year Scotch whisky exports fell in volume by almost 5 per cent to 249,916,000 litres of pure alcohol, with 30 per cent of exports accounted for by bulk sales.

Sales last year went up by 2 per cent despite the overall fall in volume, although this was mainly accounted for by *the bulk* exports of blended whisky, and malt bulk exports fell by 5 per cent.

The report says that if the bulk exports had been bottled in Scotland that would have created 9,342 jobs. The unions argue that the malt bulk exports should be cut back to the 1971 levels and that the name Scotch whisky should be *applied by* law only to whisky which is distilled, blended and bottled in Scotland.

UK in Marshall Islands deal

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

AMALGAMATED Power Engineering—a British group—has won the contract for what is believed to be the first diesel generator station for the Marshall Islands, which are situated to the north-east of Australia, and hitherto have been considered a U.S. economic *preserve*.

The main contractor for the $24m contract is Ipseco International Power Systems of London, and the principal subcontractor will be APE-Crossley of Manchester.

APE will supply, install and commission the plant and ancillary equipment, including four Crossley-Pielstick 3MW diesel alternator sets, and also provide the civil and building structures.

The Midland Bank has made available a loan of $21m to the Government of the Marshall Islands, which is being backed by the Export Credits Guarantee Department. It is the first ECGD-backed buyer credit to be made available to the islands.

Final financial negotiations had to be conducted on the spot, the subject of a special mission by the contractors, the Midland and ECGD. There are no reasonable telephone communications with the Marshalls.

The power station will be situated on Majuro Atoll, which is the capital of the islands (population: 30,000). APE-Crossley expects to deliver the first diesel alternator set in three to four months' time. It will be commissioned early next year. The project is expected to be completed by the end of 1982.

Romanian £8m order for Scotland

By Ray Perman, Scottish Correspondent

ANDERSON STRATHCLYDE, the Scottish based coal-cutting machinery manufacturer, has broken into the Romanian market with an £8m contract which will lead from the initial export of two shearers to an eventual licensing agreement.

The company has been putting extra effort into its export drive to compensate for loss of UK work resulting from the National Coal Board's cut in investment plans. It also announced yesterday four U.S. sales which bring its total of new export orders to £11.7m so far this year.

Mr. J. R. Mowatt, joint managing director, said the company had been trying to penetrate the Romanian market for several years and had won its contract against strong West German competition.

Romania intends to double its coal output from 30m to 60m tonnes a year by 1985-6. The contract calls for the export of two AM 500 shearers.

One of the machines has already been completed, and the second will be ready for shipping at the end of this month. Over the next four years, 30 more shearers will be manufactured in Romania under a co-operation agreement which will lead to full licensing.

Richard C. Hanson reports on a South Korean joint textile venture

Samwhan Platt sees a bright future

THE PRESIDENT of Samwhan Platt, a 50-50 joint manufacturing venture involving the giant UK textile machinery maker, Platt Saco Lowell, admits they "couldn't have invested in South Korea at a worse time."

The deal with Samwhan, a large Korean company known mostly for construction work in the Middle East, was signed in July, 1979—three months before the South Korean President was assassinated, and as the economy entered its worst recession since the 1950s.

Platt Saco Lowell, the British parent, which is part of Stone Platt Industries, was going into South Korea when others, notably the Japanese, were withdrawing, and would become one of only three British companies with a serious manufacturing interest in the country. Total UK investment in South Korea, mostly in banking, is worth $20m.

Despite the bad timing, the UK partners are not about to pull out, although the temptation was there.

Platt Saco Lowell believes *that South Korea's textile* industry still has a bright future. Platt also believes South Korea will provide it eventually with a valuable base for exports to Asia, and other markets hard to break into from the UK.

Asia is the only market where Japanese textile machinery makers have an edge over the Europeans. In South Korea, the Japanese hold about two-thirds of the market for textile machinery compared with Platt's quarter.

The main motivation for starting up a manufacturing plant in Korea was a decision by the Government to "Koreanise" part of the machinery being used by the textile industry.

When Platt began talks with Samwhan, the initial plan was to procure about 30 per cent of the machines locally. This was to rise gradually to about 50 per cent, enough to provide local manufacturers with a comfortable protected market.

In fact, the "Koreanisation" plan *for* textiles is running about three years behind schedule, and Samwhan Platt has had to delay its expansion plans.

It has yet to commit the full planned start-up capital — Korean Won 4bn—but a decision to go ahead must be made later this year.

This is because it will no longer be possible to delay the start of the five-year tax *holiday* which South Korea allows to all foreign ventures.

Samwhan Platt will go ahead with the venture mostly because of signs that the market is developing in the way that it was supposed to. The textile industry is badly in need of new equipment. Moreover, the government is sticking to its goal of increasing the number of spindles in operation by about 30 per cent by 1986.

Samwhan Platt considers itself the strongest contender for the portion of the new machinery to be acquired locally.

Last year it won both of the machinery orders placed locally —worth $1.4m—and is assembling the machines in its partially completed plant in the southern part of the country. This is for the moment mostly a knock-down operation with parts coming from the UK—a side benefit for the parent company.

If industry expansion plans go according to schedule, the market for *textile machinery* could increase to as much as $40m a year in the next year or so, according to Platt.

Samwhan Platt's biggest headache will be to maintain the quality standards of the machines it produces locally at the level available from overseas.

The textile industry was wary of buying a fixed ratio of its equipment from local suppliers in case its international competitive strength suffered. The test will come as more parts are acquired locally.

No export order is too small for us. No export order is too big for us.

We deliver a unique range of services designed to help all exporters win more orders.

A. A service for export orders up to £25,000.

At Midland Bank International, we have recognised that not enough is being done to smooth the path for the new exporter. Or indeed an exporter with an annual export turnover of about £250,000 or less, with individual transactions of £25,000 or less.

So, we have created our Smaller Exports Scheme – the first Scheme of its kind in the UK.

Under this Scheme we offer you 90% finance on exports sold on up to six months' credit. Interest costs are fixed, there is no recourse to you, your existing facilities are not affected and you do not have to hold an ECGD guarantee – we will handle that for you. You just have to fulfil your export undertakings.

The Scheme is also open to companies not currently banking with the Midland. All you have to do is apply for an export facility and open an account with us.

B. A service for medium sized export orders up to £1,000,000 or more.

Export orders of capital goods and services worth up to £1,000,000 or more and sold on credit of two years and over can cause a severe strain on company cash flow, quite apart from the question of risk.

We can meet your export financing requirements for such contracts and even larger amounts in a number of ways. We can provide supplier credit finance based on your holding your own ECGD insurance cover.

Or, where exporters do not wish to obtain their own cover or have recourse problems, our export house London American Finance Corporation (LAFCO) can help.

LAFCO can arrange cover through their own ECGD policy and they carry the percentage of risk not covered by ECGD. In other words, this gives you 100% protection without any recourse to you. Also, LAFCO will pay you immediately on *production of the export documents thus improving* your cash flow. Moreover, they take over all the administration work and debt collection. All you must do is fulfil your contract with your customer.

Short term finance of up to two years with additional support services. Midland Bank International is also active in providing finance for credit periods of less than two years.

This finance is both for smaller export orders and larger transactions. It is based on either your holding your own ECGD comprehensive cover, with ECGD issuing a guarantee to the Bank in support. Or where you wish to offload the exposure and recourse, LAFCO can intervene.

In addition, we have Foreign Exchange, Factoring and Trade Development experts together with market information specialists who can help you win more export orders.

C. A service for major capital projects of £10 million or more.

On any major export project, our speed and flexibility as one of the world's leading international banks can be particularly helpful to you.

Our project experts provide you with swift and comprehensive advice on ECGD facilities, including the benefits of ancillary ECGD export services such as tender-to-contract cover.

Frequently, finance not supported by ECGD is also required for major projects to meet front-end payments, third country supplies and local costs. Here, we can provide you with the necessary support through our extensive Eurocurrency financing capability.

And to help bring the contract home, our Buyer Credit, Eurocurrency, Foreign Exchange, Leasing and Performance Bonding specialists are prepared to work as a part of your team and make your export package the most sophisticated and attractive one possible for your overseas client.

This can only be a short summary of the highlights from our complete service for all sizes of export orders.

However, you will probably agree that even such a summary demonstrates Midland's innovative approach to exporter's requirements, and why more and more exporters see us as their bank.

Whatever the size of your export order, we can provide comprehensive help towards increasing your export business. The earlier you involve us, the more we can help you.

So please get in touch with us early.

We deliver.

Map by George Philip and Son Ltd.

Test us.

Midland Bank International

Midland Bank Limited, International Division, 60 Gracechurch Street, London EC3P 3BN. Telephone: 01-606 9944. Extension: 5465.

Sweeping changes mooted for Radio Four include switch to 24-hour service

BY ARTHUR SANDLES

DIESMEMBERMENT of BBC Radio Four is a major option favoured by a BBC working party in a discussion document on the future of the Corporation's radio services. Under the scheme, Radio Four would be a 24-hour news and features service.

Speaking at a London luncheon of the Broadcasting Press Guild Mr. Aubrey Singer, managing director of BBC Radio, was at pains to say that the report was simply a starting point for debate, and that none of the options for radio offered by it was necessarily favoured by the BBC.

However, only one of the 11 listed "options" for development of national, regional and local services in the 1990s gets substantial support from the working party.

In broad terms the report suggests that Radio Four's cultural programmes, notably "the most serious Radio 4 speech programmes," go to Radio Three. Much of Radio Four's drama, light entertainment and specialist programming would move to local radio, which would in effect become a new national "Home Service" with considerable local input.

World service programmes would be used to supplement the normal Radio Four programming.

The working party admits that the proposal, likely to go down in BBC history as "Option Four," has drawbacks.

First it says, is "the loss of Radio Four in its present form."

It also admits that "if the net increase of network (that is national) costs was to be modest, it would entail a reduction in the volume of BBC Radio's high-cost quality output in both the serious music and the serious speech areas, and a very considerable expansion of news and current affairs."

The report is based on the basic premise that British radio broadcasting will move heavily into the VHF frequencies in the nineties. Under present international agreements more room will be available for broadcasters on these frequencies in the next decade.

It also assumes that the BBC will continue in its determination to be in local broadcasting. Mr. Singer said that if local broadcasting hours were to continue expansion, and more stations to open, the BBC faced a "financial black hole."

Mr. Singer's statements confirmed suggestions that the BBC was determined to build a new Broadcasting House. He suggested that the cost might be £60m, which could be financed out of the licence fee.

The report of the Radio Network Working Party is not being published by the BBC "unless public demand indicates that such publication is justified."

Local authority debt rose by 9% to £31.56bn

BY ROBIN PAULEY

LOCAL AUTHORITY debt in England and Wales increased by 9 per cent to £31.56bn in the year ended March 31, 1980. The figure for the UK was £36.64bn, which is the equivalent of £642 of debt for every man, woman and child in England and Wales and £962 per head in Scotland.

The Chartered Institute of Public Finance and Accountancy's latest return on outstanding debt shows that interest charges rose from 10.21 per cent to 12.01 per cent. Most of the debt is created by council spending on housing which accounted for £23bn in England and Wales

All of the debt is money borrowed by local government with central government permission to finance capital investment. The debt is serviced through the rate fund and therefore high debt levels and high interest charges have a significant impact on rates.

Councils borrowed the greatest proportion from the Government-funded Public Works and Loans Board, now the National Investment and Loans Office (35.9 per cent).

The next largest sector was bonds and mortgages (26.4 per cent), followed by councils' own balances of various sorts (15.1 per cent), temporary debt (14.6 per cent) stock (4.7 per cent), negotiable bonds (2.6 per cent), and miscellaneous loans (0.7 per cent).

The return shows that councils are responding to the Government's advice that local authority debt should be lengthened. The percentage of long-term debt maturing within 12 months was 12.1 per cent compared with 13.2 per cent on March 31, 1979 and 20.5 per cent on March 31, 1977.

BP assets exchanged for Nigerian crude oil

By Ray Dafter in London and Terry Povey in Tehran

BRITISH PETROLEUM is to receive crude oil worth between £55m and £60m as compensation for its Nigerian interests nationalised in 1979. The Nigerian National Petroleum Corporation said yesterday that an agreement would be signed within a few days.

The corporation said the compensation to BP would be worth 71m Naira (£56m). The final value will be influenced by the type of crude lifted, Nigeria's pricing policies and the value of the dollar against UK and Nigerian currencies.

The corporation said that BP would receive oil worth 11.02m Naira (£8.69m) for the nationalisation of its marketing company, BP Nigeria, and 60.32m Naira (£47.59m) for its 20 per cent stake in the former Shell/BP oil production venture with NNPC.

Meanwhile in Iran it has emerged that the premium of $1.80 a barrel being paid by BP-Shell and other companies for supplies is regarded as a fine by officials of the National Iranian Oil Company. The fine has been imposed against companies which stopped lifting Iranian crude last spring. Companies which continued buying Iranian oil last year are being told that their new contracts will be at official prices.

Dr. Reza Azimi of the National Iranian Oil Company's international department said "the thinking behind our premium policy is that those companies which pulled out of Iran in March and April, 1980, giving our price levels as the reason were in fact taking political action against Iran. These companies will not have to pay the premium."

BP and Shell have already agreed to pay this premium

N. Ireland sub-sea electricity link may ease coal surplus

BY MAURICE SAMUELSON

A PLAN to supply electricity from Scotland to Northern Ireland by submarine cable like that to be built between England and France is being discussed by the Government as a way of easing Ulster's power problems and creating a market for an additional 1m tonnes of British coal.

The Northern Ireland Electricity Service (NIES) sees it as an alternative to importing electricity from the Irish Republic which, unlike Ulster, has an overcapacity of generating plant.

Although both the British and Irish Governments favour restoring the "inter-connector" between the Irish and Ulster electricity systems, all attempts to do so have been sabotaged by the IRA and the submarine link from Scotland is regarded as more secure.

Although there are doubts about the economics of the under-sea link, both the NIES and the South of Scotland Electricity Board (SSEB) say it is technically feasible. The scheme has received additional support by the National Coal Board as it would provide a new market for about 1m tonnes of British coal which would be burned in Scotland's power stations.

The National Coal Board is keen on a Scottish-Ulster power link because its sales will drop sharply from next year when Peterhead power station in the north of Scotland starts temporarily running on gas and gas liquids from the North Sea (these will eventually be used as petrochemical feedstock, but not for another three or four years).

In the meantime this will create serious overcapacity among Scotland's coal-fired plants, unless they are given access to Northern Ireland.

However, it is bound to be viewed with some irony in Northern Ireland where coal interests recently combined to oppose the local gas industry's campaign for a supply of natural gas through a submarine pipeline from Scotland.

Revival of the electricity link scheme coincides with detailed Government discussions on the whole question of Northern Ireland's energy needs.

Despite Government subsidies of £20m a year, fuel prices there are considerably higher than in the rest of the UK. Domestic electricity tariffs are about 25 per cent above the UK average and industrial tariffs are on a par with the highest rates on the UK mainland.

Mersey to lose 1,000 dockers 'or port closes'

By William Hall, Shipping Correspondent

THE MERSEY Docks and Harbour Company has told its workforce that unless it can cut the number of dockers it employs by 1,000 before the end of April it will have run out of money to pay wages and the port will have to close.

That drastic warning is contained in an 8½-minute film "Blueprint for Survival," which the company has made to emphasise the importance of the Government's temporary increase in severance payments.

Payments have been increased by 50 per cent, to a maximum of £16,000, for March and April.

Liverpool's labour-intensive general cargo traffic has shrunk from 1.9m tonnes in 1973 to 700,000 tonnes in 1980. As a result the company needs to cut its workforce by a third, and its £45m wage bill by £10m a year.

The port started 1979 with a £5m cash balance which has now been turned into an overdraft of nearly £5m. The Government recently guaranteed to extend the company's bank overdraft from £3m to £6m.

However, heavy interest payments are due in April and unless the 1,000 dockers and 500 ancillary staff (400 of which have indicated that they are leaving) are axed from the payroll, the Mersey Docks and Harbour Company will not be able to meet its wage bill.

The company says that the reduction in general cargo traffic is costing the company £30m a year, nearly half its annual revenue. Four-fifths of its operating costs are wages and the cost of employing men for whom there is no work is £3m a year.

Takeover Code rules amended

BY CHRISTINE MOIR

COMPANIES' auditors or consultant accountants must now make a formal report on any unaudited profits figures—for the full year or an interim period—published during a takeover bid under the new Takeover Code published today.

Previously, if such figures were "up to publication standards" according to Stock Exchange rules, no further scrutiny was necessary.

Just what form the accountants' report will take is to be left vague at present. The Takeover Panel believes that a formula will emerge over time which will be both flexible and reliable.

This is one of the few specific major alterations in the rules for takeovers enforced by the new edition of the code, which, otherwise concentrates on closing loopholes which have been discovered in the five years since the last full-scale revision.

A second major rule, relating to the position of financial advisers who also operate discretionary fund management departments, has been significantly softened between the draft and the official document.

The draft proposed to lump together all share dealings carried out by the financial advisers to a bid even where the deals might be carried out by the fund management department acting for discretionary clients rather than the corporate finance department acting on the bid.

The final document merely warns groups which run such tandem operations that "purchases of offeree company securities on behalf of the adviser's discretionary clients may be the subject of comment."

Practice Note 17 suggests that if there is any doubt about the degree of separation—the so called "Chinese Wall" between the different departments the Panel should be consulted.

The new code also tightens up the requirements regarding "irrevocable agreements." Documents setting out such agreements must now be available for public inspection. In the past, some apparently irrevocable undertakings have included conditions which nullified the agreement.

For the first time, the code contains advice on current cost accounting. If companies publish any financial information on a CCA basis, they must also include that information in all offer documents.

The code, which has been widely circulated since November, also formally outlaws statements frequently made by possible bidders along the lines of "it is not our present intention to. . . ."

In a number of cases, however, the rules have actually been slightly relaxed, in the case of partial bids, for instance.

There is also some clarification of the position of third parties with a commercial interest in a target company which may want to frustrate a bid to protect their own interests.

NCB urged to cut opencasts

BY RAY DAFTER, ENERGY EDITOR

THE NATIONAL Coal Board has been urged to reduce its opencast mining interests to strengthen the industry's financial base.

The Opencast Mining Intelligence Group, an environmental body, claimed that output from opencast mines was contributing to excess production. Unnecessary operating costs of £70m annually were being incurred while the taxpayer was having to fund more than £200m a year for stocks of unwanted coal.

The group claimed that the NCB had made great progress in developing deep mining systems. The marginal profit from each extra ton of coal produced from deep mines was £17.40. That from opening an opencast site was about £10.30 a ton.

About 15m tons annually is being produced from opencast sites. In the last financial year the NCB made an operating profit of £109.7m on opencast mining operations against a loss of £138.2m from deep mines.

The group argued that opencast mines were essentially earth-moving operations subcontracted to civil engineering companies.

It said: "No businessman in his right mind would commit himself to letting out work to sub-contractors in a depressed market while more profitable production capacity in his own works remained unused."

Opencast output was swamping a saturated market and creating surplus stocks which the miners might see as a threat to their jobs and a disincentive to production.

The group analysed the 1980 coal production at 1970-80 cost levels and estimated that the overall operating loss would have been £90m (£225m deficit for deep mines and a £135m profit for opencast operations)

Assuming that opencast output was reduced by 10m tons and deep mine production increased by a similar amount it was found that the overall deficit would have been £20m (£50m loss for deep mines and a £30m profit for opencast operations).

Charges against Coral dropped

MR. BERNARD CORAL, former managing director of the casino division of Coral Leisure Group and son of founder Mr. Joe Coral, was discharged from Highbury Magistrates' Court when the prosecution offered no evidence against him on two charges of attempting to defeat the course of justice by concealing alleged offences by employees of the former casino division. Both were withdrawn. Mr. Coral was granted costs of yesterday's proceedings.

Coral is now part of the Bass group. Its casinos have been sold.

Stanley Gibbons to be closed in New York

By Andrew Fisher

LETRASET, which suffered a sharp profits drop in the first half of its financial year, is to close the New York office of its loss-making Stanley Gibbons stamp subsidiary.

The group has admitted that the £19m it paid for Stanley Gibbons was too much. The company made a trading loss of nearly £250,000 in the six months to October.

Stanley Gibbons moved into a new 7,500 sq ft office in the Olympic Towers in Manhattan in November. It will close this by May because, said Mr. Niels Andersen, Letraset's finance director, "at the end of the day, costs just didn't meet revenues." The aim was to handle all major auction business from there.

The company will still have an office on Long Island to sell new stamp issues, mainly British and Commonwealth, but will mainly manage its dealing activities from the UK.

Fair Trading head warns on 'improper' cash-taking

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

DEBT-COLLECTORS who use "improper methods" of collecting payment were warned yesterday that the Office of Fair Trading would take tough action to curb their activities.

Mr. Gordon Borrie, Director-General of Fair Trading, said that the recession meant that "some firms may once more be tempted to resort to the old, improper methods of debt-collecting."

He suggested that complaints received by consumer protection agencies about debt-collectors were only the tip of the iceberg. He suspected "that many people are either too embarrassed or too frightened to complain."

Mr. Borrie described some practices which he considered improper. Some companies traded under names which implied they were connected with the courts. They issued letters similar in appearance to court summonses.

Other companies believed in "the technique of embarrassment." They arrived at the debtor's front door in vehicles prominently displaying debt collection signs. Some made inquiries of neighbours or employers, making clear that they were trying to collect a debt.

Some debt collectors attempted to recover illegally debts where there was no legal provision for so doing.

Mr. Borrie said that powers to deal with such practices ranged from refusing credit licences to criminal proceedings under the Administration of Justice Act, 1970.

He appealed to anyone who felt unfairly treated by debt-collectors to complain to their local Trading Standards Office.

"Only then can action be taken to stamp out these nasty and often unlawful practices," he said.

Reo Stakis gets casino go-ahead

REO STAKIS, the Glasgow-based hotel and leisure group, has been granted permission by the Gaming Board to open its first casino in London.

Following last year's £4.4m purchase of five provincial casinos from Ladbroke Group, Reo Stakis is already the largest gaming operator outside London. The company wants to run its London club from the Rembrandt Hotel in Kensington.

Consumer gloom by Oppenheim

Industry and consumer organisations were accused yesterday of "fanning the flames of confrontation" over giving greater protection to consumers. The accusation came from Mrs. Sally Oppenheim, Minister for Consumer Affairs, in a speech in London.

Mrs. Oppenheim said that if the "confrontation" continued it would be "the consumer left in the middle who will suffer."

Stores ask for Budget relief

Leading retailers urged the Government to give special relief in the Budget to stores hit by the recession. A deputation from the Retail Consortium met Mr. Leon Brittan, Chief Secretary to the Treasury, to present the problems facing retailers.

The consortium wants the Government to remove the national insurance surcharge and parity with manufacturers on capital allowances for new buildings.

Energy saving scheme launched

BY RAY DAFTER, ENERGY EDITOR

A SCHEME was launched in London yesterday to boost sales of companies involved in energy conservation—a market worth well over £1bn annually in the UK alone.

The London Chamber of Commerce and Industry has set up an international energy conservation equipment and services group in a bid to provide a marketing and financial service for UK companies selling fuel efficiency and conservation equipment.

This is the first attempt to coordinate and aid a large but essentially fragmented industry. The Energy Department, which is backing the project, has already identified 700 companies making equipment as well as some 1,000 firms providing energy conservation consultancy services. It is reckoned that about 30 trade associations have interests in the conservation field.

Mr. Duncan Nowson, chairman of the group's steering committee, said that these companies formed a large part of an industry which had the potential for expanding sales at home and abroad.

As yet there has been no accurate assessment of either the size of the market or the extent of the UK industry. Figures given at the scheme's launch yesterday provide some indication of the potential:

- Western countries are expected to spend £10 trillion (million, million) over the next 20 years on conservation and equipment needed for a switch from oil burning to coal burning.
- UK sales of domestic insulation material—ranging from double glazing to loft insulation—are now running at about £420m annually. The potential is thought to be nearer £1bn a year.
- The potential UK investment on plant and equipment associated with a switch from oil burning to coal burning could be about £1.3bn. Some £200m annually is being spent at present, which could rise to about £350m.

The London Chamber is to provide specialist staff to help industry with marketing information and research facilities. The group will also organise trade missions and act as a focal point for visiting missions, conferences, exhibitions and workshops.

Lloyd's man for Florida exchange

MR. ALAN TEALE, a senior official at the British Insurance Brokers' Association, the professional body representing the interests of Lloyd's and non-Lloyd's insurance brokers, is to become chief executive officer of a new insurance exchange in Miami, Florida.

Mr. Teale, director of technical services and overseas affairs at British Insurance Brokers, joins the exchange, to be closely modelled on Lloyd's, in June. Called the Insurance Exchange of the Americas, it is expected to open in July 1982. It will have about $500m underwriting capacity.

British Gas orders £18m drilling rig

BY OUR SHIPPING CORRESPONDENT

BRITISH GAS has ordered a £18m jack-up drilling rig from the Clydebank shipyard of UIE Shipbuilding. This is the third rig order to be won by the former John Brown shipyard since it was taken over by UIE, the French group, in April last year.

The design of the rig, a Marathon Le Torneau type 116C cantilever jack-up, is novel. It incorporates a slant drilling technique so that British Gas can develop its Morecambe Bay gas field with the minimum number of fixed wellhead platforms.

The rig is to be delivered by July 1982. British Gas hopes to get initial supplies of gas ashore by 1983-84. It is the first offshore rig bought by British Gas. The £1bn development cost of the Morecambe gas field is the single largest project in the corporation's £4bn capital-spending programme over the next five years.

The field, 25 miles off the Lancashire coast, will produce 1,200m cubic feet a day by the mid-1980s.

The order will give employment for UIE's 750 workers on the Clyde until July next year.

Maurice Samuelson writes: The Food Manufacturers Federation called yesterday for a lowering in the 8 per cent excise duty on fuel oil or its replacement by VAT in order to put its members on a similar footing with the rest of the European food industry.

Mr. David Hoskin, the federation's chief energy spokesman, said the Government consistently underestimated the impact of energy costs on food prices. With "indirect" energy costs, these ranged from 8 per cent to 26 per cent of total costs.

He said that Hereford tomato growers paid 15 per cent more for gas than Dutch growers. With energy amounting to 40 per cent of the cost of tomato growing, it was no wonder that UK producers could not compete with imports on price.

Fire officers want Royal Commission

BRITAIN'S chief fire officers are calling for a Royal Commission into the future of the fire service.

The chief and assistant chief fire officers' association says the service has been damaged during the past four years by low morale, lack of commitment by local authorities to the demands of the service and a lack of national accountability.

They say consideration should be given to whether the fire service should remain a local government service or become a national service.

Engineering education changes sought

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

FUNDAMENTAL CHANGES in attitudes towards technology and its place in society are called for in a report based on the national conference on engineering education and training held last autumn.

The report, published yesterday, has been sent to Mr. Mark Carlisle, Secretary for Education, with a request for early action.

The conference was called to discuss proposals for engineering education changes recommended by the Finniston Committee of inquiry into the engineering profession.

The steering committee on the conference, which was appointed by Mr. Carlisle, now calls upon the Government to set up an Engineering Authority (as recommended by Finniston) "without further delay."

In secondary schools, universities and polytechnics, the report calls for a shift of resources to engineering and engineering-related subjects from other areas of education.

State recognises crucial role in developing information technology

BY JASON CRISP

THE Government's growing commitment to information technology industries was spelled out last night by Sir Peter Carey, permanent secretary at the Department of Industry.

Speaking to the Royal Society of Arts, Sir Peter said the State recognised its central and positive role in the effective development and application of information technology "crucial to the future commercial and industrial success of the U.K."

Information technology is, broadly speaking, the convergence of cheap computer technology and telecommunications and includes office automation and home entertainment, as well as data processing. Sir Peter Carey said the world market for information technology products and services was £50bn and could rise to £150bn by the end of the decade.

An important objective of government policy, he said, was to create the conditions in which private initiative could prosper without excessive Government intervention. However, he thought government had four key roles in stimulating the information technology industries.

They are: The basic infrastructure, which includes the telecommunications system and the setting of technical standards; applications, in the way government uses information technology; industrial support; and education, training and awareness.

Sir Peter said the most important aspect of infrastructure was the telecommunications network. "British Telecom will remain responsible for ensuring that every single inhabitant of the UK has direct access to the worldwide telecommunications system."

But the vast investment required to do this left room for new thinking on how the necessary finance might be raised and a "need for a better synergy with the private sector."

They key change in the British Telecommunications Bill, going through Parliament, was to change telecommunications from a "monopoly-thinking" industry into one driven by competition, he said.

Sir Peter warned traditional UKU telecommunications manufacturers—companies such as Plessey, STC and GEC—that they would have to develop a fresh outlook and face competition from enthusiastic and aggressive new entrants into the expanding telecommunications market.

He emphasised the importance of industry standards worldwide in all aspects of information technology and said the Department of Industry would reinforce UK standards of work

Sir Peter said "The Government intends to make use of its operational requirements and its public purchasing power to implement as quickly as possible some highly visible and effective demonstration projects which will help the UK supplying industry."

Government industrial support for UK information technology industries would have to extend beyond the purely financial. "More and more governments are being associated with the marketing efforts of their national manufacturers in ways which range from the demonstration of viable systems in their own operations, through direct government involvement in sales missions—often at a very senior level—to the provision of government backed loans."

Sir Peter said there was growing evidence that important orders could be won or lost because of such things rather than because of the intrinsic quality of the technical product."

He emphasised the need for training and education programmes and pointed to existing schemes to increase the supply of computer programmers and analysts as well as plans to introduce more microcomputers into schools.

Sir Peter said the Government was considering expanding the existing microprocessor awareness campaign to cover the whole field of information technology.

Parliament, Page 12

Wheel-lock pistol fetches £32,000

THERE WERE two exceptional prices at Christie's sale of antique arms and armour yesterday, writes Anthony Thorncroft. R. A. Lee, the London dealer, paid £32,000, plus the 11.5 per cent buyer's premium and VAT, for an Alsatian wheel-lock holster pistol made around 1600 in Strasbourg by Elias Gessler. Wartski, another London dealer, bought a pair of French presentation pistols by Claudin of Paris, made around 1860, bearing the Braganca crest, for £20,000.

The Tower of London spent £8,130 on five lots, the most expensive being the £3,500 for a German helmet for the tilt, of the late 16th century. A pair of late 18th century Flemish flintlock holster pistols by M. Gillis sold for £11,000 and Finer of London bought a wooden powder flask of around 1600, probably made in Nuremberg, for £6,000.

هكذا من الاصل

The fastest selling sports car in the world

The Datsun 280ZX is the very latest in the classic Datsun Z series – the world's fastest selling sports cars for the last 10 years.

Now, Datsun's sports car offers a standard of luxury and equipment to match its world-famous handling and 120 m.p.h. performance. Motor magazine described it as that rare thing "... a Grand Tourer in the classic sense ..." with the emphasis "... firmly on comfort, refinement, plushness and sophistication".

In its latest form it has acquired refinements like one-touch electric windows and a radio aerial that automatically retracts when not needed.

Beneath the bonnet there are important improvements too. The 1981 ZX has a gutsy 2.8 litre engine with Bosch electronic fuel injection and solid state electronic ignition. There is revised gearing for even greater performance and variable ratio ZF power steering.

But one thing hasn't changed. The Datsun ZX is still outstanding value for money – the two-seater, with its lengthy list of built-in features costs just £8,641. The high technology which Datsun use, and the scale of production to meet demand, enable them to bring the 280ZX to you at a price which makes a mockery of comparisons with anything else at this level of performance and luxury!

Handling - Five Star say the motoring experts!

There is a simple secret to the way in which the ZX handles and holds the road – it has virtually perfect 50:50 weight distribution between front and rear wheels. This makes it a very responsive, very enjoyable car to drive.

Motor Magazine gave the ZX five stars for handling with the comment: "... it can be rushed along winding country roads with little trauma or difficulty – and with a great deal of fun".

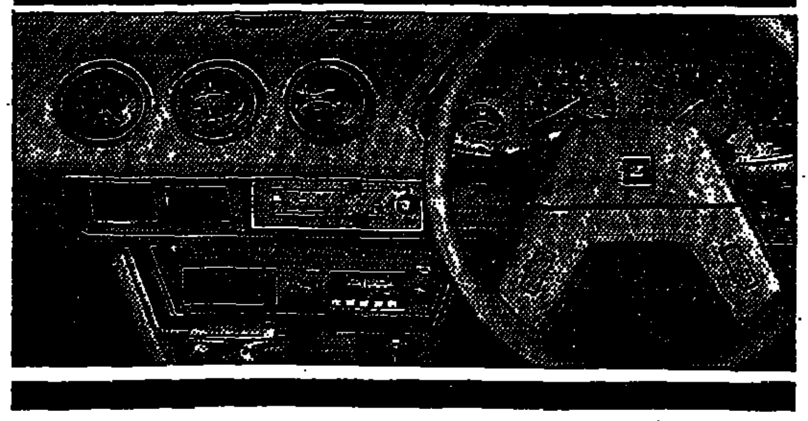
Space-age Datsun techniques guarantee quality

Datsun cars are built by the most sophisticated computerised techniques. Indeed, the same impressive technology that Datsun used to build space rockets for launching satellites goes into building the Datsun 280ZX. And Datsun go to great lengths to ensure that every car is comprehensively checked twice before it leaves the factory: for every 5 Datsun workers, there is one Datsun quality control inspector.

That's what makes the Datsun 280ZX one of the most reliable – and exciting – cars on the roads today.

DATSUN

280ZX



£8,641

An impressive array of built-in features

Just sit in the "cockpit" of the Datsun ZX and you can see at a glance that it is one of the best equipped cars on the road today.

It has luxurious cloth upholstered seats which are scientifically designed to give you the best support, with superb all-round vision and precision-engineered controls so that you are firmly in command of this performance car.

The instrumentation includes – as standard naturally – a rev-counter, water temperature gauge, a voltmeter, oil pressure and temperature gauges plus a whole display of warning lights covering items such as low fuel, handbrake/brake fluid level, open door, etc. There is also a highly advanced electronic warning system: when you switch on the ignition, a list of vital functions is automatically checked. Within 4 seconds a green illuminated 'OK' sign indicates all is well. If the sign remains red, just press a button beside the display to pin-point the reason.

It's worth noting a couple of small touches that also confirm the car's overall level of sophistication. The electric aerial retracts automatically each time the ignition key is removed, as a safeguard against vandalism. And there is a "flick" switch which opens or closes the drivers' window completely at a touch.

You will, of course, find features such as a five-speed close ratio gearbox, low profile tyres or alloy wheels, rear windscreen wash/wipe, headlamp washers, tinted glass, push-button radio, map reading light, under-bonnet inspection lamp etc.

Remember, these are not "extras". They are all included as standard equipment and won't cost you a penny more!

Choose your ZX

You can have a ZX with manual or automatic gearbox. In a 2-seater or a 2 + 2. All representing remarkable value for money.

See the Datsun ZX – the world's fastest selling sports car – at your Datsun dealer now!

DATSUN

Prices include car tax, V.A.T., seat belts, drivers door mirror, rear fog lamp etc. Only inland delivery, number plates and road fund licence extra.

DATSUN U.K. LIMITED, DATSUN HOUSE, NEW ROAD, WORTHING, SUSSEX. TEL: WORTHING (0903) 68561.

Calor Group cleared of monopoly abuse

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE CALOR GROUP, which supplies more than 70 per cent of the UK market for liquefied petroleum gas in containers, has been cleared by the Monopolies and Mergers Commission of any abuse of its monopoly powers.

But the commission, in a report published yesterday, recommends that Calor should not re-introduce two unfair trading practices which have already been discontinued.

Liquefied petroleum gas (LPG) in containers is used, generally in the form of butane gas, as a domestic gas source where mains supply is not available. LPG is also widely used for leisure and recreational purposes as well as in some factories where other energy supplies are limited.

The Calor Group, according to the commission, has a clear monopoly in the supply of LPG in containers mainly as a result of being first in the market in the 1930s. No other single company has more than 8 per cent of the market.

The commission was satisfied that "there is no evidence of the company (Calor) having sought to build up or maintain a monopoly position by, for example, acquiring competitors or by systematic predatory trading practices aimed at the prevention or removal of competition."

The commission's investigation, which started in July 1979, followed complaints about the price of LPG sold in small containers as well as the disruption to supplies in the winter of 1978-79.

After analysing Calor's prices and profits the commission concluded that "Calor's price increases in recent years, *though substantial*, cannot be regarded as unreasonable or excessive."

On the supply side, the commission points to the industrial disruption and cold weather in the winter of 1978-79 which increased demand for LPG. It says: "*There is no evidence* that supply shortages have been either numerous or frequent."

But the commission was critical of Calor in two areas. It argues that "Calor's practice of requiring its distributors to buy appliances only through itself was undesirable in that it deprived distributors of any possibility of negotiating better terms or prices with manufacturers, which might be passed on in lower prices to the public."

The commission concluded that although this requirement had now been abandoned, "it operated against the public interest and may be expected to operate against interest if the practice is reintroduced."

The second criticism referred *to Calor's provision in its agreements* that prevented distributors from handling other supplier's LPG for a certain *time after ending with Calor.*

Although Calor has abandoned this restriction, the commission concluded that it had operated against the public interest.

But the *commission* concluded that Calor's requirement for its customers to deal exclusively with LPG did not operate against the public interest. It decided that Calor needed this requirement to maintain its safety standards.

Mr. John Bragg, Calor's managing director, said yesterday that he welcomed the commission's findings about the company's efficiency and concern for safety.

Liquefied Petroleum Gas, a report by the Monopolies and Mergers Commission; Command 147, SO £4.60.

Building societies 'must scrap their cartel'

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

Wide-ranging criticisms of the way in which building societies operate are published today in a report* by the National Consumer Council.

The report's recommendations include scrapping the building societies' cartel—which governs the mortgage rate—as well as calling for a full scale probe by the Monopolies and Mergers Commission into the societies activities.

Building Societies are also urged to reconsider their lending rules, to display information publicly about their lending criteria and to make valuation reports available to potential buyers.

The report, written by Lord Young of Dartington and Marianne Rigge, argues that the cartel operated by the Building Societies' Association keeps interest rates more stable than they would otherwise be. This, it is argued, leads to greater fluctuations in the supply of funds for mortgages.

"Many small investors leave their money in the societies no matter what happens to interest rates," the report says. "But large investors are liable to switch their money elsewhere if they can get better interest rates."

The report claims that when mortgage famines occur, "favouritism in giving mortgages is all too common and people who employ the right kind of professional can jump the queue."

But the report acknowledges that abolishing the societies' cartel would not alone produce change on the scale required.

"The basically nineteenth century laws designed for small building societies genuinely controlled by their members are no longer appropriate for the vast financial institutions the societies have now become."

The Government is urged to produce a Green Paper as soon as possible outlining legislation to govern the societies activities.

The report is also concerned at the extent to which the consumer interest is being harmed by the relationship between building societies and professionals such as solicitors

**Building Societies and the Consumer*, NCC, 18, *Queen Anne's Gate, London, SW1, price £3.*

Rolls-Royce engine orders total £130m

By Our Aerospace Correspondent

Rolls-Royce's aero-engine business is expanding steadily, and so far this year the company has won orders for 250 engines worth more than £130m.

Apart from the continuing orders for RB-211 engines for Boeing 747s, Lockheed Tri-Stars, and, recently, the order by Monarch Airlines of the UK for Dash 535 engines for the Boeing 757, orders this year have included substantial business for Dart turbo-props and Spey turbo-jets.

The Spey engines are ordered for the U.S. Gulfstream III executive aircraft and the Dutch Fokker Fellowship short-to-medium range jet airliner.

The Darts are for the Fokker F-27 Friendship and the British Aerospace HS-748 twin engined airliners.

● Alidair, the independent airline based in the East Midlands, has ordered four commuter aircraft worth £6m from Short Brothers of Belfast.

The order is for two 30-seater 330 aircraft and two of the larger 360s—which is due to make its maiden flight later this year. Alidair has taken an option on a further two 360s worth £3m.

Esso site to employ 140

By Sue Cameron, Chemicals Correspondent

TRACTOR SHOVELS has won the £2m contract for preparation of the site for Esso Chemical's £360m new chemical plant at Mossmorran, Fife.

The company was awarded the contract by Lummus, Esso's main contractor. Site preparation will start next month and will continue until the end of the year. Up to 140 people will be employed.

The chemical plant will have an annual capacity of 0.5m tonnes and will produce ethylene, used by the petrochemical industry to make products ranging from solvents to plastics.

Government supports full-fare air travel

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

The Government remains committed to the principle of cheaper air fares in Western Europe but believes that all air passengers must expect to pay the full economic price.

Lord Trefgarne, Parliamentary Under-Secretary for Trade, and the Minister responsible for civil aviation, made these points in two addresses yesterday which confirmed the Government's overall policy for civil aviation.

He told a seminar on civil aviation at the Royal Aeronautical Society that the Government believed the present tightly-regulated fares and routes in Western Europe did not result in the best deal for airline passengers, nor in the long run for the airlines themselves.

"If European airlines, including the UK ones, are to survive in an increasingly competitive international market, then they must be efficient and they must be productive.

"We do not believe that maintaining such a highly protected European market is going to help them achieve the efficiency and productivity they need."

This did not mean overnight introduction of US-style "deregulation" in Europe. But the Government wanted initiatives both bilaterally and in the multilateral bodies of the European Civil Aviation Conference and the EEC.

"What we want to see is a measure of freedom for the airlines to offer fares based on commercial market forces — a measure, that is, of free but fair trade.

"We are, of course, well *aware that other member states* (of the EEC) are on the whole reluctant to see any significant liberalisation of the strict *control currently in force* on the fixing of air fares. Progress is clearly going to be much less rapid than we would like.

"But the case is a good one and we shall continue to press for liberalisation which we believe to be in the interests not only of the consumer but, in the longer term, of the airlines."

He had no doubt that people would increasingly wish to travel for leisure and pleasure, but he saw no reason why they should not pay the full economic price for the facilities provided

This applied especially to regional airports, and he later told the Aerodrome Owners' Association that "there is no reason why the ratepayer or taxpayer should be expected to subsidise the airline passenger.

"Airports are now very big business, and our joint objective over the next few years should be to see that the industry places its operations on a sound economic and financial basis."

Du Pont hopes to set up Ulster rubber plant

BY OUR BELFAST CORRESPONDENT

THE U.S.-OWNED Du Pont *chemicals company* is negotiating with the Government about setting up a synthetic rubber plant in Northern Ireland.

An announcement is expected from the company in the next two months following an extensive study into likely European locations for the manufacture of Hypalon.

Du Pont's existing Maydown complex near Londonderry has been favoured for the plant, largely because of its long experience with synthetic rubber.

However, discussions are understood to be taking place between the company and the *Northern Ireland* Department of Commerce about the level of Government aid towards the project. The amount *needed is substantial, possibly* about £20m.

The Hypalon plant would create 200 jobs and several hundred *building* workers would be employed in its construction.

Du Pont employs almost 1,400 people at Maydown, where it recently completed a Neoprene rubber process, increasing capacity by 40 per cent. Last September, however, it announced the closure of its Orlon fibre plant with the loss of 420 jobs.

Computer specialists save their own jobs

James McDonald finds good news in a workers' takeover.

IF THE unemployed spare any thoughts at all for computer systems specialists they may think, rightly or wrongly, that their activities tend to ease people out of employment rather than into it.

But the case of the 16 Nottingham specialists who used their expertise and their own *computer to save themselves* from the dole queue and to obtain £50,00 backing from the Industrial and Commercial Finance Corporation must arouse admiration.

In December, Planing Research Corporation International, of Washington, DC, decided to close three of its four British offices—at Twickenham, *Wokingham and* Bristol. But its Nottingham office had been profitable in the five months of operation so it was decided to offer the business for sale as a going concern.

The 16 employees there, however, had no guarantee of continued employment under new ownership. So they organised under Mr. Rick Goold—the UK operations director, who was hired by PRCI early in 1979 to set up the Nottingham office—and decided to buy the business. They raised £35,000 themselves, £10,000 coming from Mr. Goold.

"We had a financial model in the computer and we fed in cash flow and forecasts. With this we approached the ICFC. they agreed it was a sound *propositon, and* backed us to the tune of £50,000," says Mr. Goold. Of this sum, £6,250 represents a 25 per cent ICFC share in the equity of Computer Special Systems—the new company formed to bid for the Nottingham business. The remainder is a loan over seven years.

With £85,000 in hand the Nottingham group approached the U.S. company with a firm bid. "We knew there was keen interest from several large companies, British and international, but since I was now a potential bidder I no longer had any details," Mr. Goold says. On February 20, *after three weeks'* negotiations, Computer Special Systems, with Mr. Goold as managing director, became owners of the business.

The overall cost of the purchase will be more than £104,000, but part of this represents the take-over of a two-year machines lease from computer leasees IBOS.

$2\frac{3}{4}$m jobless forecast

BY OUR ECONOMICS CORRESPONDENT

THE "HEADLINE" total of unemployment is likely to continue rising to a peak of about $2\frac{3}{4}$m, or $11\frac{1}{2}$ per cent of the workforce, by this autumn, Lloyds Bank economic bulletin forecasts this morning.

The underlying adult total of 2.3m is expected to reach a peak of about 2.6m before declining again below 2m by the first quarter of 1983 as the economy recovers.

Mr. Christopher Johnson, the bank's economic adviser, writing in the latest issue of the bulletin, bases this projection on an economic model which *indicates* that unemployment moves in the same direction as money earnings per unit of output and can be reduced by lowering wage and price inflation and by raising productivity.

A cut in real wages may maintain employment in certain sectors in the short run but its effect on unemployment is uncertain and could go either way.

Welsh water rise cut

BY ROBIN REEVES, WELSH CORRESPONDENT

THE PLANNED increase in Welsh water charges in 1981-82 is being cut by more than 4 per cent, following an independent examination of the Welsh Water Authority's books ordered by Mr. Nicholas Edwards, Secretary of State for Wales.

The rise in Welsh charges for water supply, sewerage and environmental services will rise by an average of 13.4 per cent instead of 17.8 per cent originally proposed by the authority.

The reduction is being achieved by a cut of up to 4 per cent in the water authority's capital programme for the coming financial year, and by phasing *the effect of* the loss of the water charges equalisation arrangements between England and Wales over two years.

This loss, amounting to about £3m a year, has resulted from the Government's decision to end operation of the Water Charges (Equalisation) Act.

It means that Welsh domestic water bills have to rise by about 5 per cent more than those for non-domestic users.

UK NEWS = PARLIAMENT and POLITICS

Labour compromises on reselection

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

LABOUR'S NATIONAL Executive Committee reached a compromise yesterday over the highly controversial issue of the rules governing the new automatic reselection procedures for MPs.

It means that although all Labour MPs will have to go through the motions of a full scale selection conference between elections, local parties will not be obliged to put up anyone against them if they do not want to.

The NEC had delayed on three previous occasions to agree on the rules. But yesterday, at what was a relatively short and low key meeting of the executive, the compromise went through without a vote. At the same meeting the NEC also agreed to raise the ban on union affiliations in Bermondsey, where the Right-wing EPTU has been increasing its affiliations in an attempt to fight back against the Left.

The original conference vote in favour of automatic reselection for MPs marked a victory for the Left which saw it as a way of making MPs more accountable to their local parties. To maximise this pressure, the Left wants the contests opened up to outsiders wherever possible.

For this reason the Left has been campaigning against local parties being allowed to have a short list of only one if they are happy with their MP.

The compromise formula agreed yesterday leaves the decision on the size of the short list with the local party's management committee.

As under the existing rules for selecting a candidate in the first place, the party's executive committee will draw up a list of recommended candidates and it will then be up to the party's general management committee to decide whether they accept all the names on it or whether they want only to interview their sitting MP.

Yesterday's decision brings an end to more than six months of internal party argument. But the far Left Campaign For Labour Party Democracy has already warned the executive that if a local party decided to go for a short list of only one, it might be exposing itself to challenges in the courts.

The decision to lift the ban on union affiliations at Bermondsey follows an inquiry into the whole question of union branch affiliations sparked off by complaints from the local party, that the EPTU was trying to "load" the party with delegates.

In its report submitted to the NEC yesterday, the inquiry committee did not make any specific references to Bermondsey but it emphasised that under the existing rules of the Labour Party, delegates from an affiliated trade union branch have to be elected or approved by that branch.

If this rule were applied to the letter, it could make it more difficult for unions to decide centrally to increase their local affiliations as a matter of union policy.

The committee also agreed to ask all the trade unions affiliated to the Labour Party for details of the various ways they go about affiliating delegates locally.

Backbench pressure over BSC to continue

By Elinor Goodman, Lobby Correspondent

TORY BACKBENCHERS are to maintain their pressure on the Government over British Steel by putting down a series of amendments to the Government's proposals for restructuring the corporation's finances.

Mr. Michael Grylls, chairman of the Conservative Industry Committee, was yesterday discussing with colleagues an amendment which would give Government the power to liquidate British Steel if it failed to meet its own target of breaking even in 1982-83.

He also intends tabling another amendment which would give the Industry Secretary the power to direct BSC not to use Government money to undercut private steel companies.

Without Government support, the amendments stand no chance of getting through the House. But they do reflect the considerable disquiet on the Tory benches about the Government's plans for BSC, and are indicative of the pressure on Ministers to tie the corporation down more precisely.

The members of the Industry Committee will put these points to Sir Keith Joseph, Industry Secretary next Tuesday, when he comes to see them to explain his plans.

Right up to the eve of the Government's announcement of steel on Tuesday, Conservative MPs were lobbying behind the scenes on behalf of the private steel companies—resulting in the statement being delayed once.

But it was clear from the reception in the Commons to Sir Keith's announcement that a number of Tories were still very unhappy indeed about the prospect of the Government entering into what they feared could be an open-ended commitment to BSC.

Privately, several Tories have already warned Ministers that they would not be able to support the Government on steel unless Sir Keith gives them more specific assurances about the future.

In the event, the great majority of Tory MPs will probably fall into line and support the Government, but even a handful of abstentions could be embarrassing

Yesterday, Mr. Grylls said that the important thing now was to minimise the damage that could be done to the private sector and to ensure that the Government did not enter into a "totally open-ended" commitment to financing BSC.

The Government's own Bill gives the Industry Secretary the power to dispose of BSC and removes the existing obligation on the corporation to provide certain kinds of steel, but Mr. Grylls claimed it was deficient in that there was no "formal power to liquidate" BSC if it con- to lose money.

Tory MPs call for capital investment

By Richard Evans, Lobby Editor

FURTHER PRESSURE on the Government to launch a programme of capital investment to combat unemployment came yesterday from four Conservative backbenchers.

The four MPs, all from Wiltshire constituencies in the Tory heartlands, underline in a letter to the Times the growing unease in party ranks at the apparent lack of an industrial strategy and the excessive pressures on the private sector.

Led by Mr. Charles Morrison, MP for Devizes, and vice-chairman of the 1922 Committee, they call for the adoption of economic and industrial policies "less concerned with abstract theories, which assume ideal conditions, and much more closely related to the harsh economic climate which exists."

They argue that the time has come for the Government to undertake swiftly a re-appraisal of industry's problems and to launch a new strategy in the Budget with a package of measures to aid industry and to contain the continual growth of unemployment.

"The certainty of 3m unemployed, whatever action is taken, is something to which we look forward with horror," they write. The other MPs are Mr. Dennis Walters (Westbury), Mr. Richard Needham (Chippenham) and Mr. Michael Hamilton (Salisbury).

They also urge Sir Geoffrey Howe, Chancellor, to reduce interest rates further and to give additional thought to methods for controlling the strength of sterling.

While the signatories appreciate the change of policy in the public sector, resulting in additional assistance to British Steel, BL, the Railways and the National Coal Board, they argue that the Government is doing far too little to assist the private sector through the worst recession in 50 years. "To make matters worse, much of the money made available for the public sector comes from the private sector, and may be used to undermine the private sector."

Attempt to introduce Bill limiting rate increases defeated

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

AN ATTEMPT by Mr. William Shelton (C. Lambeth, Streatham) to introduce a Bill limiting increases in local authority rates was defeated in the Commons yesterday by a majority of 49 (175—126).

The defeat and the size of the majority were surprising, as the measure was partly aimed at the high spending of Lambeth Council which is controlled by a Left-wing group under Councillor Ted Knight.

A number of Tories failed to support the proposal because they feared it might impair the independence of local councils.

The measure—the Rates (Limitation and Procedure for Increases) Bill—would tie rate increases to the level of inflation. Any rise above that would have to be levied by a series of supplementary rates so that ratepayers would have a clear idea of the extra spending involved.

Each supplementary rate could not exceed 25 per cent of the initial rate demand. In addition, the Greater London Council and the Inner London Education Authority would have to precept directly on the ratepayers.

The Bill was introduced under the 10 minute rule which is used to test opinion on a particular topic rather than to get legislation onto the Statute Book.

Mr. Shelton said that in the past the rating system had worked very well but recently a change had taken place in the collaboration between central and local government.

"In some local authorities there has appeared a new breed of men — Martians from outer space, hard-faced men from the Left with bizarre spending programmes whose main accomplishment is waste and mismanagement."

In Lambeth, Mr. Shelton said, the ratepayer has become a "hunted species." For 1978/79 the borough had spent £50m but in 1980/81 this had risen to just short of £100m with no obvious increase or improvement in vital services.

Under his "simple and unpretentious" Bill, Lambeth would have to make eight supplementary rates at intervals of six weeks in order to achieve that level of spending.

"Such a procedure would daunt even Lambeth Council," he predicted.

Opposing the Bill Mr. Alfred Dubs (Lab., Battersea South), an ex-local government officer, said that Mr. Shelton seemed to be obsessed by Lambeth Council and seemed to wish that local authorities should become the agents of central government.

"He is advocating a course which would lead to bureaucracy gone mad," said Mr. Dubs.

If Mr. Shelton's Bill was approved he wondered what effect it would have on Conservative authorities which were putting up rates—Westminster by 28 per cent, Sutton by 25 per cent, Kensington and Chelsea by 50 per cent and Wandsworth by 30 per cent.

"The level of rates in every local authority is a matter for the political judgment of the councillors elected to run that authority," said Mr. Dubs.

Demand for freeze on gas prices rejected

BY IVOR OWEN

OPPOSITION demands for a 12-month "freeze" on gas prices for all industrial users were rejected as "unrealistic" by the Government in the Commons last night.

Mr. Norman Lamont, Under-Secretary for Energy, strongly defended the Gas Levy Bill, which will cream off £1.3bn of the British Gas Corporation's profits over the next three years, and deny charges of Ministerial complacency over the problems caused for industry by high energy costs.

He acknowledged industry's concern—which was also underlined in a succession of speeches from the Tory back benches—but refused to anticipate the report which is to be made next week to the National Economic Development Council by the "task force" set up to examine energy prices.

Mr. Lamont accepted that there were particular difficulties for energy intensive and bulk users—and that small and medium businesses came into the energy intensive category.

He promised that the Government would make a "speedy response" to the report by the task force.

Mr. Ted Rowlands, an Opposition energy spokesman suggested that the British Gas Corporation would be ready to respond if the Government backed the idea of a 12 months standstill in gas prices.

He estimated that the cost of such a price stabilisation programme in the coming financial year, in terms of lost revenue, would be in the region of £100m and argued that this could be met by an equivalent reduction in the Government's "take" from the new levy.

Sir Hugh Fraser (C., Stafford and Stone) insisted that the concept of the Bill was entirely wrong.

Enormous profits were going to be made by British Gas, he said, and they should be put to better purpose than going back to the maw of the Treasury.

Sir Hugh maintained that with British industry struggling against a major recession a prime objective of the next 12 months should be "a little pump priming" which could be achieved at comparatively little cost.

Mr. Trevor Skeet (C. Bedford) maintained that a widespread "freeze" of the type advocated by the Opposition would be ridiculous because most of industry was not affected by energy costs.

He urged the Government to concentrate any aid which it was able to provide to intensive energy users whether they were big or small firms.

PM urges support for engineers

THOSE in charge of investment funds have to show more sympathy for the technical entrepreneur, the Prime Minister said yesterday, before departing for Washington.

The supercilious attitude affected towards engineers and entrepreneurs, always a ridiculous affectation, was now positively dangerous, said Mrs. Thatcher, speaking to the Parliamentary and Scientific Committee.

Every bank manager and every investment manager had to know what to do if another Barnes Wallis or another Frank Whittle walked through his door.

Britain must return to a society in which the Hintons and the Cockerells were honoured and feted, as the Brunels and the Stevensons were in the last century.

Mrs. Thatcher said she believed those most to be admired were the "rare gifted persons" who had not only scientific excellence and engineering competence but had also founded a successful business.

She founded it extraordinary that some people believed new technology could be introduced only at the expense of employment opportunities.

It had not been true in the past, and she thought the belief stemmed from two misunderstandings.

One was that if the new jobs could not be specified, they would not be there. The other was that some people thought we could get through our working lives without changing what we did.

She gave as an example the way an innovator had taken the telephone, the computer and the TV set, and created Prestel.

Maclennan to quit Shadow Front Bench

BY MARGARET VAN HATTEM, LOBBY STAFF

ANOTHER Labour MP—Mr. Robert Maclennan, junior Shadow spokesman on Foreign Affairs and a supporter of the Council for Social Democracy—is to resign from the Opposition Front Bench and told his constituency party in Cathness and Sutherland, that he would not stand for re-selection as a Labour candidate.

He gave no indication, however, whether he planned to resign the Labour whip.

Mr. Maclennan attributed his decision to profound disappointment over the lack of leadership given by the party leader, Mr. Michael Foot. In a letter to Mr. Foot, Mr. Maclennan wrote: "I thought it right to consider the reaction of the Parliamentary leadership to the Wembley conference before deciding whether I ought to remain as a member

"Far from seeking a system of election for the Leader of the Party which is defensible as democratic, you are suggesting that the reduction of the trade union vote influence from 40 to 25 per cent would constitute a satisfactory outcome. Such jugglery with figures . . . would merely entrench the trade union block vote in the selection or dismissal of Labour's alternative Prime Minister.

"The fact that the Parliamentary leadership is setting itself such limited objectives can only be taken as evidence that there is no real prospect o fre-establishing the Labour Party as a credible alternative Government in the foreseeable future."

In a further letter to his party, Mr. Maclennan said the Labour Party, riven with self-centred disputes, plainly could not provide "a coherent radical and realistic alternative to the disasterous Government of Mrs. Thatcher." He was not leaving the Labour Party he said; the Labour Party which he joined had deserted him.

"The manifesto on which I stood for election only two years ago is now discarded. The Government of which I was a junior member is reviled; the voice of the apologists for Marxism are listened to with eager enthusiasm—the wisdom, humanity and good sense of former Labour statesman, is ridiculed; the take over of the party by those hostile, to all that it has stood for and fought for during almost 80 years is all but complete."

Most of the 11 MPs who have declared their support for the Council of Social Democracy have now informed their constituency parties that they will not seek re-election, and the remaining two or three are expected to do so this week.

Atkins denies deal with Irish Republic

MR. HUMPHREY ATKINS, the Northern Ireland Secretary, in a thinly disguised attack on the Rev. Ian Paisley, yesterday warned that people were trying to foster divisions in Ulster on the basis of a fallacy.

The allegation on which they based their actions was totally without foundation, he said. The Government had no wish to sell out Northern Ireland by doing a deal with the Irish Republic.

Civil Servants threat 'deplorable'

FINANCIAL TIMES REPORTER

TALK OF industrial action in the Civil Service was described as "deplorable" yesterday by Mr. Barney Hayhoe, Civil Service Minister.

"It is deplorable that there should be talk of industrial action, which would disrupt important services, when the Government has indicated future arrangements for settling pay," he said during Commons Question Time.

"This has been a responsible approach and I do not think there is any justification for industrial action," he added.

Backbencher Mr. Tony Marlow (Northampton N.) raised the issue, describing the Civil Service workers as "the most over-paid over-protected and under-productive group of workers in the country — paid out of the pockets of industrial workers hit by the recession."

Mr. Marlow said Mr. Hayhoe should "take advantage of any contemplative industrial action to prove that, in certain circumstances, a skeleton staff can do just as efficient a job as a full staff."

From the Opposition Front Bench, Mr. Alan Williams said staff cuts were depriving families of family income supplement and forcing the Manpower Services Commission to cut job centre staff and consider closing some centres altogether.

"It is time for the Government to admit what we all know—that manpower cuts are only being achieved at the cost of seriously damaging the quality of essential services," he said.

Mr. Hayhoe said: "I wholly repudiate the charge that essential services are being damaged."

It was "absolutely right" for the Government to seek to improve civil service efficiency and cut the burden of tasks imposed by the last Government.

Warning to EEC over poultry aid

THE Agriculture Minister warned other EEC governments against following France's example and expanding state aid for their domestic poultry industries.

After a Commons statement the farming deal agreed in Brussels, Mr. Peter Walker faced angry protests about French activities from both Labour and Tory MPs.

Mr. Geoffrey Johnson-Smith (Cons., East Grinstead) urged Mr. Walker to impress Britain's concern on the EEC Commission, which is to take proceedings against France over its new package of state aids for poultry.

"We are concerned that we should not go on playing Queensberry rules while they flagrantly break every regulation in the book,"

Britain's air defence vulnerable, says peer

FINANCIAL TIMES REPORTER

A PLEA to the Government to "scrape and borrow" to provide adequate air defence was made yesterday by Lord Orr-Ewing, a former Junior Air Minister.

Speaking in the first of two defence debates in the Lords—on air defence and the Trident missile system—he claimed Britain had too few front-line fighters.

"The Soviet threat is great in numbers. Its quality, and sophistication are increasing fast—much faster than the allied response," said the Tory peer.

Britain's air defence was thinly spread and vulnerable. Our capacity was stretched and we could not afford to re-equip fast enough.

Lord Orr-Ewing said Britain had too few front line fighters, especially those able to operate in all weathers and at night.

Britain might have to re-examine her task with NATO and he suggested two or three U.S. Air National Guard squadrons could be invited to Britain on a regular basis to boost numbers.

For the Liberals, Lord Mackie of Benshie attacked the Government's view that defence had to take its share of cuts: "Either we need it or we do not," he said.

Viscount Slim a former SAS officer, said Britain did not have an air defence system "that contends with the present threat." That meant we should look more closely at having and controlling our own independent nuclear defence force, he said.

Opposition defence spokesman Lord Brooks of Tremorfa said: "A major test for this Government is whether it will have the political will to carry through the strengthening of Britain's air defences embarked upon by the Labour Government."

Viscount Trenchard, Defence Minister, reminded peers that defence today "is part of an alliance and it is in several layers.

"I believe that we need not despair, but against the growing threat we really do have to continue to discuss with the other members of the alliance how to be sure that we can meet it and how to be sure that this country is defended adequately."

GLC warns night spots

The Greater London Council is warning London discos and other entertainment spots to be extra vigilant over fire safety precautions following the Dublin dance hall disaster.

Letters are being sent to more than 1,500 night entertainment premises licensed by the GLC, including discos, pubs, cinemas, theatres.

Constituency power over Labour MPs

BY MARGARET VAN HATTEM, LOBBY STAFF

"SOME MPs are physically sick before a general management committee meeting. You bump into them as they are taking off for a weekend in their constituencies and you can see how they are just dreading it—all the rows, the arguments, the endless 'where were you's.' Like the very worst sort of marriage. I don't know how they stand it."

That is how one Labour veteran at Westminster sees the very special relationship between a Labour MP and his GMC. A good working relationship gives an MP a certain authority among his colleagues, as well as crucial support at election times. A bad one casts doubt upon his basic skills as a professional politician, and has been known to sabotage an otherwise promising political career.

This was true long before last October when the Labour Party conference voted for mandatory re-selection of MPs, thus making it much easier for party activists to get rid of an awkward MP. Until then the complexity of the procedures for dislodging an MP were heavily in his/her favour and, apart from a few exceptional cases, attempts to start them up tended to run out of steam long before all the red tape was cut.

It is possible to overestimate the value of that conference vote. In many cases, the relationships between an MP and GMC will continue to depend heavily on the personalities of the politician and the GMC chairman. An MP with a forceful personality, a certain amount of clout with the party at national level and a co-operative chairman has little to fear from the new procedures. However there is no doubt that last October's vote enables constituency parties to keep the weaker MPs on a much tighter rein. In strengthening the GMC, that vote has focused attention on a neglected, but efficient, part of the Labour Party machine.

The GMC is the key to the control of constituency parties. Just how effectively it can be used is clear from the strong Leftward shift in the party over the last two years, which has been based on constituency activity.

Essentially the GMC is the party executive at constituency level, responsible for policy making, financial management and running party affairs in general. It decides which resolution the party will send to the annual conference, which delegate, and how the delegate will vote on crucial issues such as the election of the party leader. Above all it chooses the party's candidates in local and national elections.

GMCs are made up according to broad national guidelines which reflect the national party's consituent elements. Branches of individual members, unions, co-operative societies, women, young Socialists, Fabians and other affiliated bodies all have the right to a certain number of seats on a GMC, depending on the number of party members they represent.

There is no strict proportion of representatives to represented—it is left to the GMC to decide its own composition, subject to the scrutiny of the

POLITICAL REALIGNMENT

party's regional officer. In theory the various branches and affiliated organisations are supposed to elect their delegates annually—in practice they often find it difficult to persuade their members to take up GMC seats and attend the none too exciting monthly meetings.

So the elections often degenerate into confirmation of a sole nominee, and many organisations fail to take up their full quota of seats.

For the same reason, routine GMC meetings are poorly attended. The average size of a GMC is probably around 100, though they can range from 50 to 200. But these figures are nominal, in many cases regular attendance is less than 30 per cent.

So, according to one former Labour activist, it can be "dead easy" to manipulate a GMC and rig annual elections for its chairman, two vice chairmen, secretary, treasurer and executive committe. The important thing is to do it according to the rules.

"Look at the miners in South Yorkshire," he says. "They have not put a foot wrong. They have taken the trouble to affiliate at branch level and to make sure that members elect their own delegates to the GMC. They have never tried to foist anyone on members from above."

The opposite is true, he adds, of the so far abortive attempt of the EPTU to re-assert its authority in the Bermondsey Labour Party.

The chief failing of the party's organisational structure, its vulnerability to takeovers by activists of Right or Left, is widely recognised. Who in the party would deny that some GMCs do not truly represent their own parties, let alone Labour voters generally?

The answer according to those on the Right, is to bypass the structure as much as possible by taking decisions either at the very top of the party, or going straight to the grassroots on a one member one vote basis.

The answer from the far Left is to give the GMCs more power and so force members to sit up and participate more actively. New members are much more likely to join the party, and old ones to turn up to meetings, runs the argument, if they know they can influence their MP day to day rather than once every five years.

Such an ostensibly democratic theory, presented to a conference hall full of cheering constituency delegates, puts a Left-wing MP on the spot. Few dared to speak out against it in Blackpool last October despite, in some cases, strong private doubts.

For although the Labour Right and Social Democrat MPs are the most immediately affected, the shift of power to the constituencies could in time rebound against the Left and several Left-wing MPs are distinctly uneasy over what may happen when, over the next few years, the theory is tested in practice.

Some MPs are hoping for a union inspired counter-revolution, and point hopefully to the fact that the Transport and General Workers Union recently set up a special political committee to encourage the union branches to send delegates to GMCs. While this would not necessarily be to the advantage of Right or Left, they say, it would reduce the pressure to rally all the troops for every meeting.

Others suggest that the new powers add little to what already existed and will probably—after an initial power struggle—degenerate into formalities. That is what most of them are hoping. For however much they may like the idea of participatory democracy, the last thing they want is to introduce it into Westminster.

"GMCs will have to learn that if they want effective MPs, they have got to let us get on with it," says one prominent Left-wing MP. "Otherwise they'll end up with a handful of glorified councillors. But don't, for heaven's sake, say I said so."

Leading civil servants back action on pay

BY PHILIP BASSETT, LABOUR STAFF

SENIOR CIVIL servants have voted by a narrow majority to join the campaign of industrial action in the Civil Service, including a one-day national strike on March 9 which is expected to be authorised today by leaders of all nine Civil Service unions.

The executive of the First Division Association, representing about 9,000 senior staff, mainly in Whitehall Ministries, was meeting last night to consider the result of a secret ballot of its members.

The executive, in deciding whether the results of the ballot justified joining the strikes was taking closely into account the form of words on future pay determination in the Civil Service offered to the unions this week by Lord *Soames, Lord President of the* Council.

The traditionally moderate FDA has been more concerned with prospects for pay in the future following the Government's suspension of the pay research comparability system for this year. Its leaders have urged that a negotiated settlement may still be possible.

Members of the union were angered last year when the Government cut the rises shown due to senior staff by the Boyle Report on top salaries.

In a high poll in which 77.2 per cent of the union's paid-up membership voted, 3,292 staff, or 52.2 per cent, supported taking part in the campaign of action being co-ordinated by the Council of Civil Service Unions, and 2,977, or 47.2 per cent, were against.

While the Council today is likely in any case to approve the action, following votes in *favour* by the largest unions, other union leaders last night were pointing to the significance of the FDA vote because of its moderation and the nature of its membership.

The union only last year drew up an overall industrial action policy, *soon to be promulgated* into rule changes.

The union represents senior-grade Whitehall staff, roughly *from the level of principal up*wards, and claims among its members a number of permanent secretaries, the highest-ranking civil servants who under Ministers have overall responsibility for running Departments.

Many FDA members are in key positions either of drafting policy or of tendering advice to Ministers.

While the voting confirms that a number of FDA members feel too close a personal involvement in their work to take industrial action, the fact that a majority has been secured, particularly in such a high poll, was seen by other unions last night as indicative of the general feeling in the Civil Service for action.

The Council's major policy committee, comprising senior officials from all the unions, met yesterday to put finishing touches to proposals to be put to today's full Council meeting, which will give immediate *notice of action, including* the one-day strike and selective strikes in computer and other key areas.

Solidarity official for TUC talks in Britain

By Christian Tyler, Labour Editor

MR. BOGDAN LIS, a leading member of Solidarity, the Polish independent union movement, arrived in Britain on Saturday for four days of talks with the TUC.

The political significance of the visit may be to redeem in the eyes of its critics the TUC's ambivalent support for Solidarity when it was at the peak of its conflict with the Polish Government, Communist Party and the official union movement.

That ambivalence was the subject of a row at last year's TUC Congress. It was caused by the fact that the TUC had accepted a long-standing invitation from the former official *trade union centre to* send a delegation to the country to discuss trade. The visit was called off.

But the practical significance of the visit by Mr. Lis—who is vice-president of the Gdansk founding committee of Solidarity—and one or two of his colleagues, is that it will give British union leaders a first-hand account of Solidarity's organisational difficulties.

Solidarity's regional *leaders* have already appealed to Western unions for material help

Llanelli steel workers will fight closure

BY ROBIN REEVES, WELSH CORRESPONDENT

WORKERS AT Duport Steel of Llanelli, West Wales, are to continue to fight the closure of their works, announced earlier this week as part of the British Steel Corporation's Phoenix Two takeover of Duport's other steel interests.

A decision to resist the shutdown, scheduled to take place in three weeks' time, was agreed at a mass meeting of the 1,200 workforce in Llanelli yesterday.

The works committee said that for the time being it intended to pursue its arguments for keeping the plant open by constitutional means. *But it is understood that if* these fail, unconstitutional action, including a possible blockade on the removal of *plant and equipment from* the site, is possible. Much of the plant is new, the company having invested some £37m in recent years, including the provision of two new electric arc furnaces.

Mr. Denzil Davies, MP for Llanelli, who attended the meeting, said there was complete unity on the need to fight to save the plant and no talk *of accepting redundancies.* Its closure would benefit no one.

He claimed "skullduggery and treachery" had been involved in the Llanelli plant's exclusion from the rescue package of Duport's other steel interests by BSC and the taxpayer. He would be pressing the Government to think again.

It also emerged yesterday that Duport had received more than £7m in Government grants during the past four years towards its Llanelli modernisation programme.

Meanwhile, in North Wales, BSC *yesterday denied union* claims that the Corporation was contemplating closing the Shotton cold strip mill, creating *a further 1,000 redundancies.* The union fears have arisen from BSC's need to buy in Dutch steel this month

The *last steel was produced* at British Steel's Normandy Park works in Scunthorpe yesterday as preparations began for its closure under the MacGregor survival plan for BSC. A total of 2,500 people will be made redundant.

Strike ends in failure at Reckitt's Hull plant

THE MONTH-LONG strike of 1,800 workers at the Reckitt and Colman factories at Hull was called off yesterday by the majority vote of a mass meeting.

The strikers had lost about £400 each in the stoppage, which was over a demand for a jobs and earnings protection agreement for the introduction of new technology machinery.

The company made no concessions for a resumption of work beyond re-instating 30 suspended workers who had refused to handle a new packaging machine.

The Transport and General Workers Union *had made* the strike official. The company said it could not give a "jobs for life" guarantee but had no redundancy plans for the foreseeable future.

● The joint union action committee campaigning to save the doomed Courtaulds Cylon yarn factory at Aintree on North Merseyside with its 1,560 jobs is to seek TGWU support. The committee decided yesterday to *sanction industrial action,* and will call on drivers and Mersey dockers to black the handling of all Courtaulds goods.

They are to ask the TGWU's national executive to grant plenary powers which would allow secondary action.

Most places of work still lack safety appointee

By Our Labour Staff

FEWER THAN a fifth of workplaces examined in a survey on the impact of safety legislation had appointed trade union safety representatives as provided for in 1978 regulations of the Health and Safety at Work Act.

The results of the survey by the Health and Safety Executive were published yesterday in the Department of Employment Gazette. While workplaces which had safety representatives were in a minority they did account for nearly *80 per cent of* all *employees.*

Agriculture and construction were particularly poorly placed.

January stoppages bring sharp rise in days lost

BY PHILIP BASSETT, LABOUR STAFF

STRIKE ACTIVITY in Britain increased sharply last month, though it was still considerably lower than for similar periods over the past two years, according to figures announced yesterday by the Department of Employment.

The total of 213,000 working days lost through stoppages in January was the highest monthly figure since the middle of last year.

The Department said the provisional total was markedly lower than the figures for January in the previous two years, *and lower than any* January figure for 12 years except 1974.

However, the figures for January, 1979, were pushed up by the first of the "winter of discontent" strikes, and for January, 1980, by the three-month national steel strike. The total of days lost last month was the highest since June last year, when a marked drop in strike activity began.

The number of stoppages beginning last month and the number of workers involved also rose, though figures for December are normally low.

Just over half the days lost last month resulted from four strikes—involving the seamen, *workers at British Airways,* Ansells brewery and Ford. Some 81,000 days were lost in transport.

Study foresees graduate jobless reaching 20%

By Our Labour Staff

GRADUATE unemployment may exceed 20 per cent this year, according to a study published yesterday by the Department of Employment.

The study, in the Department's Gazette, says 1981 will be "the worst year for graduate employment since the war."

The article, by Mr. Neil Scott, director of the Careers Advisory Service at Nottingham University, says the supply of graduates seeking first employment is estimated to rise by 6 per cent this year.

At the same time, the carry-over of 1980 graduates still seeking jobs is put at 15 per cent

Dagenham vehicles delay

BY OUR LABOUR STAFF

FORD IS still unable to transport any finished vehicles to sales outlets from its Dagenham site as a result of the continuing dispute between Silcock and Colling, the car transporting company, and some Silcock drivers.

*The drivers have been refus*ing to work since the end of the strike by Ford's own lorry drivers on February 10.

The Silcock drivers are in dispute ov er pay lost and disciplinary measures taken during the Ford drivers dispute.

The dispute is not only preventing the movement of finished vehicles manufactured at Dagenham. Escorts made at Halewood on Merseyside for *garages in the south are trans*ported by rail to Dagenham for distribution. These Escorts are also trapped on the site.

APPOINTMENTS

Sir Archie Lamb joins Montagu

Sir Archie Lamb has been appointed a director of SAMUEL MONTAGU AND CO. from March 1. Sir Archie was until recently Ambassador to Norway, having previously been Ambassador to Kuwait.

*

Sir Ronald McIntosh is to join the Board of APV HOLDINGS as a non-executive director from March 1. He is chairman-designate of Fisons, and a director of S. G. Warburg and Co., Foseco Minsep, and London and Manchester Assurance.

*

Dunlop has announced a *new* organisation structure for its Dunlopillo operations in Europe to allow for greater co-ordination based on the three main manufacturing areas in the UK, France and Germany.

Mr. Brian Simpson, general manager of Dunlopillo UK, has been made director of the new Dunlopillo Europe operation and Mr. Michael Hancock will be comptroller.

*

Mr. Q. M. Morris has been appointed a non-executive director of GRANADA GROUP. He is a director of BP Trading.

*

Mr. R. P. R. Iliffe is to be elected chairman of BPM HOLDINGS from January 1, 1982 in place of Sir Michael Clapham who retires at the end of this year. Mr. I. B. Colledge will become joint managing director of the Birmingham Post and Mail Ltd. with Mr. T. D. Morris on April 1, 1981, and on November 1 Mr. Morris, while remaining joint managing director, will succeed Mr. Iliffe as chairman of that company. Also on April 1, Mr. Morris joins the Board of West Midlands Press and Mr. G. R. Pritchard, managing director of that concern, will join the Board of the Birmingham Post and Mail Ltd.

*

Mr. E. G. Bruno, chief manager of the London branch of CREDITO ITALIANO, is returning to Italy. He will be succeeded by Mr. Guido C. Schiavi, formerly deputy manager of the New York branch of the bank.

*

Mr. David Elliot, chief executive of Harrison Cowley Advertising (Midlands) has been appointed *a director of* HARRISON COWLEY HOLDINGS.

*

Mr. Edmund R. Raczkowski has been appointed an executive director of GSPK, of Knaresborough.

*

Mr. J. A. Stanton has been appointed managing director of UDDEHOLM, Birmingham, from March 1.

*

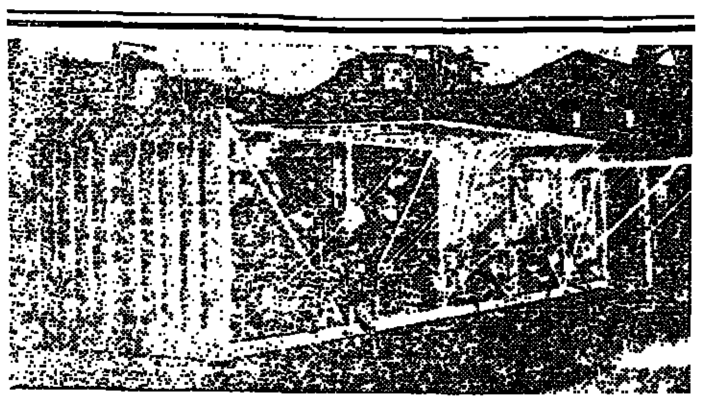
FURNESS WITHY (SHIPBROKING) has been formed within the Furness Withy Group. The Board of the new company is Mr. J. P. Robertson (chairman and managing director), Mr. A. B. M. Collyns, Mr. T. J. Davidson, Mr. S. J. Nall, Mr. A. C. Roberts and Mr. C. M. Williams. Mr. G. F. Swaine and Mr. S. M. Uminski have been appointed to the Board of FURNESS WITHY (CHARTERING).

*

Mr. Eric Vince has been appointed service and parts director on the Board of SLD OLDING. Mr. Ray Hogg has been made regional director for Scotland, and Mr. Duncan Grassie becomes Northern area director, roads division.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE



Fermenter can take to road, rail or sea

EQUIPMENT FOR the production of fuel and chemical alcohol from sugar beet juice by a continuous fermentation process recently introduced by Alcon Biotechnology (01-262 8080) has been installed in a standard 12.2 metre long freight contained for transport by road, rail or sea. *The fermentation* unit, which stands above the top of the container when in use, can be lowered within the standard height for transport.

A demonstration unit housed in a standard container has just completed a two-month trial at a British Sugar Corporation plant, using beet juice as feedstock. Alcon claims that the process is equally suitable for producing alcohol from sugar cane juice and molasses and also from hydrolised starches from *such feedstocks as maize and* edible root crops.

Alcon Biotechnology is owned jointly by Allied Breweries (UK) and Constructors John Brown (CJB).

Vibration analysis

A VIBRATION spectrum analyser specifically designed to monitor and record the vibration levels of new aircraft, hovercraft, armoured fighting vehicles and other mechanical equipment, so that components which are liable to vibrate excessively with extended use can be clearly identified, has been introduced by the aerospace division of Environmental Equipments, Mytchett, Camberley, GU16 (0252 519251).

The model 191 basic unit, a self-contained analyser with miniature XY plotter, can be powered either from its own internal rechargeable batteries or from a.c. or d.c. sources. Accelerometers or velometers supplied with the spectrum analyser are mounted on the machine to be monitored, and two output channels are provided. *The instrument traces* out a plot of the magnitude of vibration (peak velocity in inches/sec.) against frequency in rpm.

Three rpm ranges covering the spectrum from 150 rpm to 100,000 rpm are provided for. The punch-hole coded plot-cards, automatically scale the instruments when they are inserted, and thus have the exact amplitude and rpm scale printed on them. There are therefore no scaling factors or multipliers to cause confusion *when the* results are interpreted, the maker claims.

Making waves at NEL

A WAVE TANK designed to stimulate a wide variety of sea conditions is the latest addition to the research facilities at the National Engineering Laboratory, East Kilbride. Built to support the Department of Energy's wave power programme, the tank is now in use testing models of the NEL's oscillating water column (OWC). This is considered to be the most practical device so far developed for generating energy cheaply and on a large scale from sea waves.

The tank is 10 metres long by 7 metres wide and has a water depth of 1 metre. Wave patterns, including multi-frequency short and long crested waves, are produced by 11 independently controlled wave makers. Designed by NEL and constructed at a cost of £40,000, the tank was completed in six months.

Apart from the wave energy project, NEL will use the tank for model-scale research complementary to that being carried out full-scale on offshore structures and tanker moorings.

Robots feed machines in Trumpf's triumph

BY GEOFFREY CHARLISH

IN ITS current year to June, Trumpf GmbH and Co. of Stuttgart, a 1,350-employee privately-owned company making punching, nibbling and profiling machines for the sheet metal industry, expects to raise its turnover to DM 190m (£38m).

Ignoring inflation, that is a turnover growth of 18 per cent over last year. The company describes profits as "satisfactory"—at a time when U.K. prospects in machine tools are being described as "bleak."

Numerical control

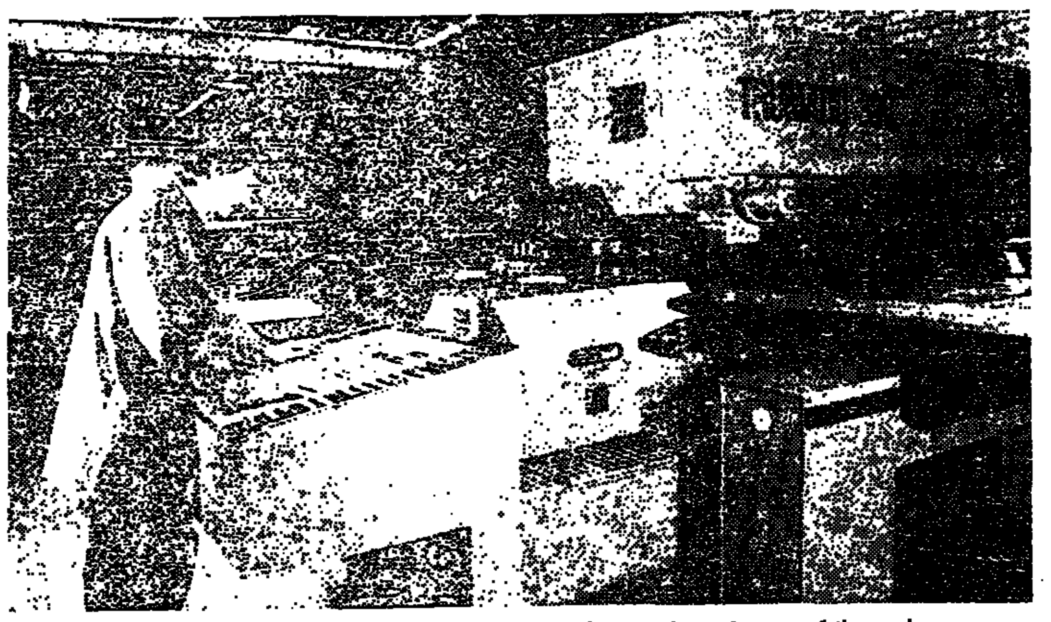
Significant, too, is the fact that 65 per cent of the company's production is in modern *numerically controlled systems.* It is about to instal the 1,000th such machine and soon the 100th unit sold in the UK will go into a GEC Traction plant at Preston.

Although Trumpf, with its competitor Behrens, makes tools that comprise only a small segment (under 5 per cent) of the machine tool market, it is part of a German effort that is keeping the Federal Republic in second place in the world machine tool league.

The magazine American Machinist puts world production of machine tools for 1980 at US$26.5bn and ranks the manufacturing nations in the order U.S. (US$4.8bn), West Germany (US$4.6bn), Japan (US$3.8bn), the USSR (US$3.1bn), Italy (US$1.6bn) and the UK (US$1.2bn).

It is only very recently that the U.S. has regained its lead position, while Japan continues to fight both the U.S. and West Germany in a world market that is increasingly dominated by cost reduction and new technology.

In seeking to account for Britain's sixth place in this league table with an output one quarter that of West Germany and one third that of Japan's, examination of the Trumpf philosophy is worth while.



A lone operator at a console in a machine shop where machines do most of the work

Some of the figures are impressive. This company's turnover per employee is DM 140,000 (£28,000) against a West German average for the machine tool industry of DM 85,000 (£17,000). Its own investment in machine tools over the past five years has been DM 17.5m (£3.5m), quite apart from DM 12m (£2.4m) spent on new buildings and other equipment.

It is all very evident when walking round the Ditzingen site near Stuttgart. For example, Trumpf naturally enough uses several of its own big machines in production—but it does not expect the workforce to fetch and carry to feed the machines.

Instead, a large scale sheet metal storage unit (it reaches to the factory roof) is employed from which 2 x 1 metre sheets are automatically picked and then loaded on to robot electric trucks that glide silently to the required machine. There they are off-loaded automatically to a sheet feeder which will keep the machine tool busy without the operators ever touching a piece of metal.

Similar levels of automation are planned for production of the sizeable precision machined components that make up the company's products — which range from hand nibblers to sophisticated tool-changing machines with laser head options.

One aim of this automated transfer line is to bring about the "unmanned third shift" because it is becoming more and more difficult to persuade Germans to work at night.

During the day manning will be sufficient to build up input stocks of materials/components for the line, carry out maintenance, adjust tools and so on —while the line is running.

But the design is such that at night probably only one or two men will be needed to *monitor performance* while the system works through the input stock. It is planned that this line, costing DM 1.6m (£320,000) will be able to mill, drill and rout any of up to 2,000 different components.

Chief executive at Trumpf, Berthold Leibinger, said: "Production flexibility will be the key to success in the future. We need to be able to adapt the plant in our shops at maximum speed. A new line for each new product is out of the question." Start up is scheduled for the spring and a second line is planned for the end of the year.

Leibinger offered views about the reduced stature of the UK in the modern machine tool market place.

Failure to pursue adequately modern electronic control was borne out by the figures, he felt, which also pointed up the *Japanese thrust.*

Japanese threat

For example, sales of machines having NC, expressed as a percentage of each country's total machine tool manufacture were, in 1980, 16 per cent for Germany, 13 for the UK and a massive 50 per cent for Japan. Although German sales to the UK were moving up while those of the UK to Germany were on the decrease, the Japanese were making a killing in both countries.

Leibinger also believes that the UK made a serious mistake nationally in believing in the "big is best" philosophy for machine tool companies.

Management and investment policy he asserted, have been to blame for the current UK situation, not the workforce.

He also took the view that the British educational system, overall, was not really suited to producing industrial managers and skilled workers —and his criticism ranged from the public school/Oxbridge syndrome, which he claimed had no equivalent in Germany, to the declining level of engineering apprenticeships.

But the Trumpf chief sees a sound future for any company able to operate with flexibility and to offer products that allow the purchaser to do the same.

Tachometer has digital read out

A COMPUTING digital tachometer for measuring linear and rotary speeds accurately and without contact, developed by Compact Instruments, Binary Works, Park Road, Barnet EN5 (01-440 6663), has a range extending from 0.005 to 20,000 units/min and is claimed to maintain its accurancy at the lowest speeds.

Optical or proximity sensors provide the *input* and *only one* pulse per revolution is necessary, the maker says. Optional features include a facility to recall, on demand, the highest or lowest speed reached during a measurement sequence, a programmable ratio changer which multiplies the indicated speed by a selectable factor (to three decimal places) in the range 1-10, an analogue output facility giving a dc signal proportional to speed in the selected range, and a resettable one-shot *measurement mode.*

The tachometer, called the CDT 1, is claimed to be especially suitable for measuring extremely low speeds when checking or setting up mixers, stirrers, dc variable-speed drives, geared motors, audio equipment drives, conveyor belt drives, or low-speed hydraulic motors.

Other potential applications include monitoring the linear surface speed of assembly or process lines, the speed of extruded or rolled materials such as paper, textiles and plastics, counting operations by sensing a reciprocating part of the machinery, and counting components by translating feed rates into linear speeds.

The *CDT 1* can be supplied with alkaline or rechargeable batteries or used with mains power. The plastic case measures 260 mm by 251 mm by 68 mm deep. The basic instrument weighs 1.3 kg with *batteries fitted and the recom*mended price is £275.

Signposts to the foothills of a new technology

JUDGING from the talk given last night by Sir Peter Carey, Permanent Secretary at the *Department of Industry* (see page 8), the Government has taken on board most of the good advice given it about the development of microelectronic technology.

How long will it be before the Department of Industry gives its blessing to a similar package of measures to create awareness of, and encourage the development of, the newest of the new technologies, biotechnology?

If a book published today is anything to go by, it should not be very long at all.

The businessman and industrialist, just come to terms with bits and bytes, feature sizes and buses, will have to absorb a whole new vocabulary of jargon such as clone, culture, plasmid, transformation and transduction.

The book is "Biotechnology: A Review and annotated Bibligraphy" (Frances Pinter (Publishers) Limited, £11.00). Writeen by Harry Rothman and his colleagues at the Technology Policy Unit, University of Aston, the book is a series of landmarks through the dense undergrowth of biotechnology.

According to Rothman and his fellow authors, biotechnology could revolutionise industry and everyday life: "Some analysts believe that its future economic and social impact will be deeper and more widespread than those of the microelectronic processor chip," they say.

Their book, however, is not a layman's guide to the methods and potential of biotechnology: those who seek *information about transfor*mation, transduction and conjugation—the three methods by which genetic material is manipulated in microbial systems and which makes *possible genetic engineer*ing—would do better to look at The Recombinant DNA Debate (Englewood Cliffs, London, Prentice Hall 1979).

Rothman's book is more of a guide to the history of the growth of the biotechnology industries for those with some knowledge of the basic science, but who have to catch up on their basic reading in a hurry—and this might apply to a good many industrialists today as they ponder whether biotechnological techniques could be applied to their business.

Bacterially assisted leaching, for example. Rothman describes how a mine in Utah produces 150 tons of copper a day by treating a massive heap of 250,000 tons of mineral ore with a liquid heavily charged with copper metabolising bacteria.

Of course, it is really only genetic engineering which is new in biotechnology. Microbes have been used for generations in industries as diverse as brewing, baking, leather processing and dairy products.

But it is the manipulation of genetic material to create organisms with new properties that has caught the popular imagination and helped spur the growth of companies such as Genentech, Cetus and Hybridtech in the U.S. and our own National Enterprise Board backed Celltech.

Rothman's book reviews the current uses of biotechnology, provides a selected bibliography with synopses of important articles and gives a good account of the UK Government's major investigation of the subject by the Advisory Council for Applied Research and Development, The Royal Society and the Advisory Board for the Research Councils.

It also, and invaluably, lists most of the companies in the world involved in the biotechnology game. It notes that the UK and Europe is already vulnerable to the U.S. and Japan. A manpower shortfall is already predicted. It could be the microelectronics story all over again.

ALAN CANE

NEWS IN BRIEF

LITHOGRAPHY

TO MEET the complexities of modern lithographic printing methods a new range of plate-room and press-room chemicals intended to simplify application and improve the results has been introduced by Fry's Metals (Graphics), Drove Industrial Estate, Newhaven, Sussex (07912 7667), which manufactures presensitised offset plates.

One of the new range of chemicals, called Plateguard, is claimed to provide a quick method of obviating the effect of accidental scratches on presensitised offset litho plates made of anodised aluminium. Scratches tend to pick up ink in the non-image part of the plate, thus spoiling the picture.

Fry claims that to rectify this, with the plate still on the press, it is only necessary to clean the ink from the scratched area, apply Plateguard with a fine brush, and leave for one minute. This adds a tough hydrophilic layer to the surface and prevents ink being picked up by the scratch.

PROCESSING

A GYRATORY stone crusher introduced by Babbitless (GB), Stonefield Way, Ruislip HA4 0JT (01-841 4221) is designed to give a large output of ultra-fine product (less than 10 mm) containing a high proportion of sand. The maker claims that at an output of 50 tonnes an hour the new crusher, known as the BS 704 UF, will deliver a product containing up to 45 per cent of less than 3.35 mm sand and up to 80 per cent of less than 6.3mm sand.

Designed to run at high speeds for maximum output, the machine has a fabricated main frame and a high-tensile alloy steel shaft running in roller bearings. This is claimed to eliminate the need for a cooling system and to reduce power consumption *substantially. The* electric motor, driving through eight vee-belts, is rated at 110 kW at 1,500 rpm. The crusher shaft runs at 600 rpm.

PROCESSES

A JOINT announcement from C-E Lummus and Sumitomo Heavy Industries reveals the successful demonstration of a new process for direct reduction of iron ore.

Based on development work and successful runs at Sumitomo's demonstration plant at Niihama, in southern Japan, the process produces, it is claimed, superior quality reduced iron pellets as charge stock for the electric furnaces used in steel making.

Data obtained from the pilot plant, which has a capacity of nine metric tons per day of sponge iron, shows that product pellets have achieved metallisations in excess of 95 per cent.

The final pellets have a sulphur content of less than 0.03 per cent and the process is stated to be pollution-free. The Lummus Company London office is on 01-831 7300.

THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

To Britain's advertisers, promises of shiny new broadcast technology are one thing, concern with current cost trends another

Not a case of future shock—more one of the present

THERE WAS a great deal of talk at last week's Television and Radio Conference in Monte Carlo on the implications of future shock—the satellite-cum-cable-cum-video technology that will eventually revolutionise international broadcasting, marketing and advertising.

It was ironic, therefore, that after more than a day-and-a-half of conjecture and easy going, the conference should have been hauled back into the present—to a realisation that the wrangle over Independent Television's current performance in the UK TV ratings is not only *not* skin deep, but reflects the sincere and sometimes bitterly-held views of numerous major advertisers and agencies.

Blandly, the final conference session was entitled 'Advertisers' Forum.' But it revealed a degree of hostility to ITV's current attitude and stance that must have shocked the sprinkling of broadcast executives that stayed behind to hear it.

First off the mark was Tim Bell, chairman of Saatchi and Saatchi Garland-Compton, the main Saatchi agency, who claimed that the state of vigorous and bloody competition in the UK print media at present contrasted sharply with affairs in the broadcast media, particularly television.

Current programming on ITV, he claimed, and thus ITV's performance in the ratings, had produced a level of "all-time indifference" on the part of viewers—a reflection of "cynical complacency" on the part of ITV brought about by lack of need for entreprenurial risk-taking that manifested itself in poor scheduling 'abysmal programming and the impression that the contractors had all but ceased to sell the medium."

Saatchi's, he claimed, had introduced more new business to ITV in the past decade than any single ITV contractor.

His theme was elaborated upon by Keith Jacobs, marketing director of Birds Eye, the Unilever subsidiary, which expects to spend £6m or thereabouts on ITV this year, out of the estimated £30m that Unilever as a whole will spend.

Birds Eye, he said, was a committed television advertiser, but just as all products had life cycles, "there is some evidence that ITV is in its dying phase." It appeared tired and unadventurous, he said, in need of new ideas and treatments. "A major and dramatic product relaunch is essential."

But ITV's recent drubbing in the ratings is only half the tale, for advertisers are at least as alarmed by escalating TV commercial production costs as by audience cost trends themselves.

In 1970, he said, the average cost of a Birds Eye TV commercial was £9,000, and in 1975 £13,800. In 1980, he said, although there had been no change in style, the average cost had been a little over £50,500, with a top price of £80,000. The trouble, he said, was that agencies and production houses had become much too greedy, with mark-ups all the way along the line.

Left: Brian Tesler, managing director of London Weekend Television. Right: Tim Bell, chairman of Saatchi & Saatchi Garland-Compton.

George Dorman, managing director of Zanussi UK, said that as a relatively new TV advertiser, he had been impressed by results to date, but stressed that no industry liked having to deal with a monopoly supplier apparently anxious to "exploit a privileged position." The contractors, he said, had to improve their programming and promote it heavily so as to win back lost viewers.

As for Heinz, which could spend as much as £10m on ITV this year, UK marketing director Roy King claimed that ITV's loss of audience share was not a recent phenomenon but one that had been apparent for the last decade. Last year, he said, it cost Heinz 24 per cent more to reach the same audience as in 1979; the cost increase over three years was 35 per cent. As for production costs, the luxury of TV commercials costing up to £100,000 for 30 seconds could well become unaffordable in the very near future, he said.

In later conversation Brian Tesler and Ronald Miller, managing and sales director respectively of London Weekend Television, said that the statements of certain agencies and advertisers had to be viewed in perspective, for they were designed to be controversial.

They denied that ITV was hiding behind the skirts of the IBA, or whining about the much stronger competition for ratings now displayed by the BBC, and said that ITV was doing all it could to defend and improve its audience share. (The latest controversy over ratings flared in the wake of ITV's performance late last year, when its share *vis a vis* BBC's 1 and 2 fell to 48 per cent; in January it improved to 50).

"To achieve even a 45 per cent audience share against the sort of competition we face nowadays, while operating within the regulations of the IBA, was a challenge not even conceived of in the 'golden age' of the 1960s," said Mr. Tesler.

They stressed that LWT, at any rate, was doing all it could to promote its programmes fully, adding that the marketing committee of the Independent Television Companies' Association now had its own promotional budget, plus the freedom to report expenditure retrospectively.

As for escalating production costs, Ronnie Kirkwood of The Kirkwood Company quoted an estimate by James Garrett and Partners that over the past five years, total costs had on average risen by 200 per cent. There were numerous ways in which the cost of TV commercials could be reduced.

The question was how to bring production costs down without lowering the quality of UK TV advertising. "More specifically, how are we going to make low-budget commercials for Channel Four without filling the commercial breaks with rubbish?"

There was much on offer at this conference other than the wrangle over ratings and production costs. There were satellites and cable and breakfast TV, the menace of European legislation and future hopes for radio. At the moment, though, advertisers and their agencies are a deal sight more keen on events in their own back yard than on those in the blue skies over Europe.

The customers the admen have to fight to please

BY WINSTON FLETCHER

CRITICS OF ADVERTISING see its powers as almost infinite: consumers and markets, they fear, can be manipulated like puppets by any advertiser with sufficient *danegeld* at his command. Practitioners of the craft, in contrast, are suffused with uncertainty as to how advertising works, why it works and whether it will work at all in any particular instance.

Nowhere is this paradox more apparent than in the emotional area of advertising to children. Antagonists berate advertisers for warping infants' unsophisticated, unsuspecting minds, while advertisers find their tiny customers wilful, recalcitrant and exceptionally hard to please.

The dilemma was highlighted at an Institute of Practitioners in Advertising Society meeting this week, at which Glen Smith, managing director of the Children's Research Unit—and a long-time investigator into the difficulties inherent in this area, showed a reel of commercials and invited his audience to guess how youngsters reacted to them.

Results were less than predictable. Most present predicted that a clear, straightforward commercial for Rotaplane—an aeroplane toy—would be well-liked, but not so. The commercial was, Mr. Smith reported, too hard-sell.

Children, even more than adults, need to be amused and involved. High-pressure salesmanship switches them off instantly.

That is why, the finding has shown, they almost always respond well to cartoons and like music and jingles. Best of all, they love to laugh at adults making fools of themselves. However, even if you follow those simple ground rules, there are still many pitfalls for the unwary.

Children, Mr. Smith claims, process data visually. If a commercial is to succeed with them it should communicate with the sound silenced, for they find it hard to digest mixed visual conventions—live action cutting to animation cutting back to live action, for example.

They can, and do, filter out images they dislike to that they cannot recall them even a few minutes after having stared concentratedly at them on the magic screen.

Additionally, as any comprehensive school teacher would doubtless willingly confirm, their powers of concentration are as limited as their capacity for boredom is limitless.

Commercials must command their interest within the first two or three seconds, or their minds go for a stroll. Leaving the message or brand name to the end—a dramatic device *much loved by copywriters*—is a recipe for certain failure. (Come to that, it fails more often than it succeeds in adult commercials, too.)

Mr. Smith's research findings provided powerful supportive material to the marketing conclusions put forward by David Bradford, formerly marketing director of the troubled Airfix Products company and now marketing director of George Bassett, who believes that children's shopping practices are frequently more mature than those of their elders and self-styled betters.

Children are exceptionally cautious about spending money, he says. They are more price conscious than adults, are alive to and suspicious of product changes, and can be remorselessly critical of goods inaccurately fashioned or designed.

Interestingly, Mr. Bradford's evident respect for his tiny customers goes further still. Many of the difficulties in which the toy industry now finds itself, he suggested, have been self-inflicted by the trade's misreading of youthful wants.

Could it be, he asked rhetorically, that some of the toy manufacturers' expensive indulgence in rapid research and development has been occasioned more by retailer buyers' gluttony for gimmicks than by children's need for novelty?

There can be little doubt that toy stores' naive faith in the power of television advertising has forced toy manufacturers into using miniscule budgets on ineffective TV campaigns, when their limited funds would have been far more wisely spent in less expensive media—a mistake no sensible child would make.

Yet despite all the arguments advanced by marketers of children's products the pressure to protect youngsters from the wiles of avaricious advertisers grows apace—particularly in the EEC, where yet another draft directive on the subject was recently issued.

Less than astonishingly, the new directive has been greeted with little enthusiasm by UK toy manufacturers, who doubtless feel they already have sufficient problems on their plates. Perhaps, as is so often the case, the *attempt at protection will produce results exactly opposite to those intended.*

That, at least, could be inferred from one of Glen Smith's findings: U.S. children, who are exposed to a vast volume of comparatively unfettered advertising, believe commercials to be a "con." British children, in contrast, enjoy commercials. The only marketing fact about children that can be predicted with certainty, it seems, is that they are consistently unpredictable.

Winston Fletcher is managing director of Fletcher Shelton Delaney.

ADVERTISING PROSPECTS

Brand franchise protection: a ten-year view

Etcetera

IT SEEMS somehow fitting that the annual reports of the Saatchi & Saatchi Company, one of Britain's top agency groups, are almost as well-known as its ads.

The latest edition appeared this week. Apart from confirming that the company's projected move into the lucrative if bitterly-contested U.S. advertising market remains a "long-term objective," the report casts a useful perspective on advertising prospects for the next 10 years.

It looks at prospects for advertising from six points of view: from that of advertisers, agencies, the media, the economist, the sociologist and from that of Saatchi's itself.

As the main plank of its case, the report re-works the long-held Saatchi view that over the *last* 10 years, advertisers have shown greater determination to sustain their advertising investment than their investment in capital, plant, equipment, etc.

And it maintains that more and more manufacturers are adopting the "proven approach" of market leaders like Rowntree and United Biscuits in acknowledging that their advertising investment protects their largest and most significant single asset, the brand franchise.

Over recent years, claims Saatchi's, makers of top brands have revived their determination to maintain brand franchise, an emphasis reflected in the increased share of various UK markets taken by the resident brand leader between 1977 and 1979 (the report cites household products, beverages and packaged foods).

"The 1980s will see a continuation of this policy," says the report. "Brand reinforcement through advertising will be the priority, and a drive towards the committed reallocation of resources to the consumer will be the result."

It says this stems from a clear-sighted view of marketing basics — "that without product quality you cannot justify a price premium over the 'bargain' product: without product development you cannot improve product quality: and without advertising you cannot communicate to the consumer that you are offering a better product that is outstanding value for money."

A premium position for advertising expenditure within corporate planning, claims the report, coupled with improved productivity within agencies, should mean a continuation of "strong financial performance" by agencies.

International Appointments

SULTANATE OF OMAN MINISTRY OF DEFENCE

The Ministry has an immediate requirement for the following three senior positions:

Senior Budget Controller
c.£16,400 tax free [including gratuity]*

Reporting directly to the Chief of Finance, you will assist in the development of the Defence Input to the Sultanate's long-term economic plan, preparing the annual defence budgets deriving therefrom, and monitoring them throughout the Financial year. You will supervise, directly, the three Budget Controllers in the division and liaise with the Budget Controllers of the Armed Services and the Ministry's Civil Engineers. Candidates will have either a University Degree, a recognised accounting qualification or equivalent ability with considerable financial and management experience. Prior experience of Military administration is desirable.

Assistant Budget Controller
c.£14,500 tax free [including gratuity]*

The person appointed will assist the Senior Budget Controller in ensuring that capital purchases and contracts are properly forecast, budgeted, justified and controlled and that they fulfil defence objectives at minimum cost.

Candidates must possess either a University Degree or a recognised accounting qualification. Post qualification experience in Management Accounting and Contract Negotiation are also essential. Some overseas experience of computerised accounting systems or Military administration is *desirable.*

Systems Development Co-ordinator
c.£15,400 tax free [including gratuity]*

This is a new post in the Finance Division, responsible to the Chief of Finance for assistance to Line Managers in the development of systems and procedures.

He will be responsible for reviewing the scope of systems throughout the Ministry and the Armed Services and be required to identify those areas where systems improvement is desirable in the interest of improving control, providing better management information, increasing the speed of processing or reducing administration costs.

He will have training and experience in Systems Analysis and O & M techniques in a large and diverse organisation. Familiarity with the requirements of the Armed Services would be an advantage.

All three posts are offered on a three year Married status contract and benefits include ✳ Free furnished accommodation ✳ Car ✳ Servants ✳ Medical support ✳ 60 days home leave with family passages paid twice a year.

All salaries are paid in Omani Rials and are free of Omani tax: salaries shown are at current exchange rates, first year scale. There are additional annual increments and all salary rates are currently under review.

*Salaries include a gratuity of 20% of all emoluments, which is payable at the end of the contract.

Telephone or write for application form to Tessa Beck, Astral Recruitment Associates, Astral House, 17/19 Maddox Street, London, W1R 0EY. Tel: 01-408 1010.

ARA Astral Recruitment Associates
Search. Selection. Recruitment Advertising

We are a leading international contractor and designer of industrial plants. We have an opening for an experienced sales manager to take care of our activities in the Arab and Middle East countries as the responsible

REGIONAL SALES MANAGER

Your experience in the field of engineering and contracting and your standing with the customers will enable you to promote the sales of our services, using modern marketing and sales methods. You will be responsible for the local representatives and company delegates and will coordinate all activities in the Middle East region.

A thorough local experience, based on several years of activity, together with a deep knowledge of the market and potential customers, as well as the familiarity with mentality and language are absolute necessities.

In view of the importance of the position you will report directly to the general manager and be endowed with the appropriate authority. Your functions require extensive traveling to the countries in question, your home office is in Germany.

Our fringe benifits are excellent. The location of our company gives you and your family the possibility to enjoy the surrounding holiday resorts as well as the cultural activities of a big city in Southern Germany.

Please send your application with a curriculum vitæ and all significant documents to box-number A7442, Financial Times, 10 Cannon Street, EC4P 4BY.

UNIVERSITY OF KHARTOUM SUDAN

Applications are invited for the following posts in the DEPARTMENT OF BUSINESS ADMINISTRATION:
1. 2 PROFESSORS ASSOCIATE PROFESSORS LECTURERS in Accountancy and or Financial Management.
2. 2 PROFESSORS ASSOCIATE PROFESSORS LECTURERS in Operations Research, Quantitative Methods and/or Production Management.
3. 2 PROFESSORS ASSOCIATE PROFESSORS LECTURERS in Marketing and or Management.

Salary scales: Professor £S8.111 pa. Associate Professor £S5.960-6.749 pa. Lecturer £S3.171-5.377 pa. In very exceptional circumstances, the British Government may provide salary supplementation in range £4.422-6.198 pa. (sterling) for married appointees or £2,706-4,310 pa. (sterling) for single appointees (reviewed annually-normally tax-free) and associated benefits. Family passages; baggage allowance; superannuation scheme; unfurnished accommodation; various allowances. Detailed applications (2 copies), including a curriculum vitae and naming 3 referees, should be sent to the Personnel Secretary, University of Khartoum, P.O. Box 321, Khartoum, Sudan, to arrive no later than 1 April 1981. Applicants resident in UK should also send 1 copy to Inter-University Council, 90/91 Tottenham Court Road, London W1P 0DT. Further details are available from either address.

LADGROUP LIMITED
LAGOS, NIGERIA

Ladgroup Ltd. is one of Nigeria's leading companies in the Food Import Business. Founded nine years ago, it has an annual turnover of about 40 million Naira (£31.4 million Sterling). It is currently expanding the scope of its operations by diversification into the Cold Storage Distribution of frozen fish, chicken and meat.

SALES MANAGER, FISHING DIVISION

The successful applicant would be responsible for the sales of the companies frozen food products. This is a pioneering position and it will involve among other things, the preparation of the Sales Budget and directing of Sales Activity to achieve such Budget, monitoring Market conditions and supervision and training of subordinate staff of the Sales Department.
The man should be of mature experience with a thorough understanding of the complexities of the World Fish Market and International Trading. He must be conversant with the operation of cold storage, refrigerated carriers and should possess an ability to develop reliable channels of distribution through a Dealer network of Cold Stores.
The candidate should not be less than 35 years of age and must be a graduate from a good university. Foreign candidates must be fluent in English.
Salary and conditions of service are negotiable.

CHIEF ACCOUNTANT

As Head of the Accounts Department, he will have specific responsibility for developing Financial and Accounting Control and Planning Systems, providing Financial Services in the areas of Funding and Corporate Planning. He will also be required to play a leading role in the day to day management of the company's operations throughout Nigeria.
The successful candidate will possess a University Degree together with a professional qualification (ACA, ACCA, ACMA). Foreign candidates must be fluent with English. Experience gained in an International Commercial or Industrial Organisation will be an advantage.
Salary and conditions of service are negotiable.

ACCOUNTANT

The Accountant will report directly to the Chief Accountant and will have specific responsibility for the preparation of the Company's monthly Accounts and the maintenance of Current Assets and Liabilities Accounts. He will also have responsibility for the efficient handling of Foreign Exchange matters including the processing of Form M's, Letters of Credit and liaisoning with the company's Bankers and other Financial Institutions with which the company has dealings.
Candidates should be professionally qualified Accountants (ACA, ACCA, ACMA). Foreign candidates must be fluent in English.
Salary and conditions of service are negotiable.

Candidates interested in any of the posts should send their c.v. and salary required to:
THE MANPOWER DEVELOPMENT MANAGER, LADGROUP LTD.
PO BOX 3795, LAGOS, NIGERIA

Internal Management Auditors
Saudi Arabia

An established Saudi Arabian holding and investment company with extensive interests in transportation by land, sea and air, trading, merchandising, insurance survey work, freight forwarding, etc., is seeking to appoint two Internal Management Auditors.

Those appointed will report directly to the Group Financial Controller and have access to top management. They will also participate in the development and appraisal of the management review and financial control procedures which are instituted.

For the right candidates these positions, by their very nature, could lead to promotions to management posts within the Group in the medium term.

The employment conditions are attractive and include a basic salary of £15,000 equivalent p.a., tax free, together with the normal range of benefits associated with a post in the Middle East.

Applicants aged 25-35 years who can demonstrate a full awareness of the significance of the internal management audit function and a sound, progressive career development pattern should reply, giving full details of age, education and experience, quoting ref. FT/363 and listing any companies to whom you do not wish your application forwarded to:
Peter Philips, Director,
**Riley Advertising (Southern) Limited,
Old Court House, Old Court Place, Kensington,
London W8 4PD.**

A member of the Rex Stewart Group
LONDON BIRMINGHAM BRISTOL EDINBURGH GLASGOW
LIVERPOOL MANCHESTER NEWCASTLE NOTTINGHAM PERTH

Confidential Reply Service Riley

ROLLS-ROYCE MOTORS INTERNATIONAL S.A.

located in Lausanne and responsible for the sales and service of Rolls-Royce and Bentley motor cars in Europe, Africa and the Middle East has an opening for a

MANAGER OF FINANCE AND ADMINISTRATION

Candidates, who should be a Chartered or Certified Accountant and preferably between 30 and 45 years of age, will already have gained experience of financial management and general administration in an international company.

They should be of English mother tongue, with a sound working knowledge of French. Knowledge of German and/or Italian would be an additional asset. A Swiss working permit is essential.

This challenging position offers an interestingly diversified career with growth potential.

Interested candidates are requested to forward their completed curriculum vitae, including salary progression, under confidential cover, to:

The Managing Director
ROLLS-ROYCE MOTORS INTERNATIONAL S.A.
39,-Bd. de Grancy, 1006 Lausanne
Switzerland

Data General

Senior internal auditor europe

The Company

Data General Corporation is a world leader in small computer systems. Founded 12 years ago, it is already in the Fortune 500 listing of top American companies with an annual turnover of over 650 million dollars. The company employs over 14,000 people worldwide and over 90,000 computers are at work in 57 countries. Data General consistently invests over 10 % of its annual sales revenue in research and development.
The Data General product range includes the Eclipse, NOVA, MicroNOVA and CS Systems.

The Job

You will be responsible for conducting operational and financial reviews of Data General Operations within Europe. Through this *function you will assist management* in dealing with weaknesses and inefficiencies found. You will assist in developing the department into an integral part of the Corporate control function. You will be located in the European Headquarters in Paris but expected to travel up to 60 % of your time.

The Candidate

The successful candidate needs to be a qualified accountant and/or MBA with two to three years post qualification experience. He must have internal audit experience either in practice or in industry. Knowledge of computer applications is useful but not essential. Fluency in English is absolutely necessary, whilst working knowledge of at least one other European language is preferable. This job should be considered an excellent opportunity for a qualified accountant between twenty-five and thirty years of age. If successful he can make a significant contribution to the growth of Data General's European Operations and look forward to interesting career opportunities.

Interested ? Send your CV, the salary you require and a telephone number where you can be contacted to : JAN VAN DER POLL - Personnel Development Manager Europe - Tour Manhattan - 92095 PARIS-LA-DEFENSE II CEDEX 21 - FRANCE.

join the winning team Data General

Accountant
Paris Neg £18-£20,000+
Aged 27-32

Our client, a diverse US multinational group, is seeking a senior executive manager.

The suitable candidate must have a personality and approach to work which reflects the executive role and justifies the high reward.

The post will initially involve the business management of the group's European operating units.

Ideally, the person to take up this position must have a strong financial background (whether gained in the accountancy profession or in industry and commerce) and, above all, be highly motivated and display drive and enthusiasm when confronting the task at hand.

If you can fulfil these requirements ring Tony Justin or Harry Chryssaphes on 01-836 3464 who will be conducting initial interviews during the next few days.
MCS/Robertson & Scott Recruitment Ltd.,
179-199 Shaftesbury Avenue, LONDON
WC2H 8AZ Tel: 01-836 3464

MCS
Robertson & Scott Recruitment

FIELD EXECUTIVE LTD.

We are currently seeking

A.C.A. Qualified Accountants

for positions in the UK and overseas. Excellent packages offered.

aged 24-32 and have Candidates should be auditing experience.

Applications to:

Field Executive Ltd.
Field House
14, Commercial Road
Swindon
Wiltshire

or telephone:

(0793) 37773
(24-hr. answering service)
or (0793) 37774

MERCHANT BANKING SENIOR POSITION IN AUSTRALIA

Martin Corporation Limited, a major merchant bank in Australia, a subsidiary of Canadian Imperial Bank of Commerce and an affiliate of Baring Brothers & Co., Limited, is seeking a senior executive for its corporate advisory function within its Melbourne office.

The ideal candidate will be aged 35 to 45, and will have considerable experience in corporate advisory work including take-overs, mergers and acquisitions. It will be an advantage to be able to demonstrate success in establishing new client relationships.

An attractive remuneration package will be negotiated.

Applications should be made in writing enclosing a full curriculum vitae to:
Mr. Malcolm Irving Managing Director
Martin Corporation Limited
G.P.O. Box 3709 Sydney, N.S.W. 2000.
or to:
Mr. Francis Carnwath Director
Baring Brothers & Co. Ltd.
88 Leadenhall Street, London EC3.

LEADING GERMAN BANK
REQUIRES A
SENIOR FOREIGN EXCHANGE DEALER

Candidates should have had at least six years' experience and be in the age bracket of 24-28 years.

The successful applicant would have had extensive exposure in all facets of foreign exchange and deposit dealing and be able to work on his/her own initiative.

We can offer a very competitive salary and benefit package.

Please write in confidence to the Manager—Administration.

*Box A.7436, Financial Times
10 Cannon Street, EC4P 4BY*

UNIVERSITY OF THE WEST INDIES—TRINIDAD

Applications are invited for the post of LECTURER/ASSISTANT LECTURER IN MARKETING MANAGEMENT in the Management Studies Department. Salary scales (under review): Lecturer TT$29,784-43,752 pa. Assistant Lecturer TT$24,156-26,484 pa (£1 sterling = TT$5.61). F.S.S.U. Unfurnished accommodation or housing allowance; family passages; Study and Travel Grant. Detailed applications (2 copies), including a curriculum vitae and naming 3 referees, should be sent as soon as possible to the Secretary, University of the West Indies, St. Augustine, Trinidad. Applicants resident in UK should also send 1 copy to Inter-University Council, 90/91 Tottenham Court Road, London W1P 0DT. Further details are available from either address.

POSITION VACANT

SHIPPING MANAGER FOR SAUDI ARABIA.

£ 12,000/- yearly salary, tax free, plus accommodation, *travel and transport.*

Contact:—
P.O. Box: 3801,
Jiddah — Saudi Arabia.

EMPLOYMENT CONDITIONS ABROAD LIMITED

An International Association of Employers co-operating to provide up-dated confidential information relating to employment of expatriates and nationals world wide.

01-637 7604

INTERNATIONAL
AUDIT SENIOR

FERNEY-VOLTAIRE (FRANCE) BASED
FF 120.000 +

We are an American multinational with worldwide sales in 1980 of over $1,200m.

Our interests range from telecommunications, energy, automotive to consumer products.

Our international audit team carries out reviews of the Group's companies outside North America (Europe, South America, Far East).

We are looking for a person with at least three years in auditing. Fluent English and German required.
For the right candidate promotion assured after two years.

Please reply to:

J-Y Satre, Audit Manager
SPRAGUE EUROPE
13, chemin du Levant
F-01210 FERNEY-VOLTAIRE
FRANCE

JOBS COLUMN

Taken up by one lady, turned down by another

BY MICHAEL DIXON

"WILL YOU take a telephone call, please?" someone hissed at Edgar Biss, managing director of the young Perkam and Centrecell companies. "Who is it?," he countered, being busy. "I *think they said the Cabinet* Office," came the reply.

So beginneth a tale of two past Jobs Columns.

The more recent of them, 16 days ago, commented on an apparently common problem among recruiters. It is that of offering a job to someone and then immediately and considerately telling the other candidates that they have been unsuccessful. As a result, if the chosen person subsequently turns down the job offer, the would-be employer has to start recruiting all over again.

But the start of the tale lies farther back—in the column of November 27 last year. This *described a certain difficulty* Mr. Biss was having with various Government-sponsored financing bodies. They had evidently decided in principle to support the two companies he had formed to make and market a new high-technology "load cell" which, among other things, enables the value of bundles of bank notes to be determined by weighing. But Mr. Biss seemed unable to get the financing agencies to act as one, and so actually hand over the money he was waiting for.

This had not deterred him from starting the hunt for the commercial-cum-financial manager he required to devise and put into effect the new companies' systems for controlling funds, stocks, purchases, sales and so on. All the same, the *experience of being kept on the* financial hook by the State-backed agencies had made him somewhat impatient. He was especially vexed with the general exhortations to people to plunge into innovative business enterprise, being made by *the Prime Minister and her* Government colleagues.

"One result," this column reported on that occasion, "is that he thinks it high time they tried following their own advice. They might then at least understand why he is *now seized with the heebie-*jeebies whenever he hears them repeat it."

The *telephone call* from the Cabinet Office was in turn one result of that report. The caller *invited* Edgar Biss to step outside, as it were, and repeat *his complaint face-to-face with* Mrs. Margaret Thatcher. Which he did. One result is that he fairly swiftly got the money.

But he still has the heebie-jeebies, although of a different kind. For, perhaps in the excitement, he offered the commercial and financial management job to an eminently qualified woman, and politely told the other candidates they were not wanted. His first-choice then changed her mind, and so he now has the finance but nobody to manage it.

The post is therefore still open. Based in Cardiff, it requires experience of setting up computer-based management *systems in a variety of busi*nesses, which has provided a wide appreciation of the problems involved and up-to-date knowledge of the technology available for overcoming them. A relevant qualification, possibly in accountancy, is also wanted.

The starting salary will be only about £12,000 or so. There will, however, be a profit-related bonus which will be partly convertible into shares.

Inquiries to Mr. Biss at 78, Lansdowne Road, London W11 2LS; telephone 01-221 7340, telex 21120.

Myths, he says

NOW TO Roger Pickering personnel controller of the Royal Bank of Canada's Plymouth-based Western Trust and Savings Company, who is accusing the Jobs Column of helping to perpetrate what he thinks are two myths.

One is that the ranks of the unemployed include many older people with not only business-getting and managerial skills, but also the enterprise to re-start at a relatively low salary when offered a sound opportunity to drive themselves upward again.

The other is that there exist a good number of women keen to take responsibility for managing and building a business operation.

Mr. Pickering says that neither of these claims has been borne out by Western Trust's *experience in trying to expand its business by opening* new branches throughout the UK. Started in 1935, the company is a retail banker offering a full range of services to members of the general public only: its services are not available to commercial concerns. The *branches are open for dealings* from 9.15 am to 5.30 pm on weekdays, and from 9 to 4 on Saturdays.

Each branch has a manager responsible for going out and drumming up extra custom in the locality and for managing the business already secured. In support, there are usually an assistant manager, two full-time staff handling clerical and sales work, and three other part-timers.

Today the company has 18 such branches, and plans to open about 100 within the next five years. With three scheduled to start variously in the Midlands, East Anglia and the South-west about 12 months hence. Roger Pickering wants three people to enter training to run the new offshoots. Some of this training will be given at the Plymouth headquarters, but most will be at the branch nearest the chosen candidates' home.

Salary starts at only £7,500-£8,000, but there is a monthly bonus based on the branch's performance and an annual bonus on the company's total results. Perks include a car.

But Mr. Pickering finds very few jobless older managers *able and willing to accept the* challenge, even though he is ready to consider candidates aged 50-plus. And although three of the 18 successful branch managers are women, even fewer of them seem willing to apply for the jobs. Hence his cynicism.

Readers inclined to dispel it can contact him at the Moneycentre, Plymouth PL1 1SE; tel. 0752 24141; telex 45306.

Personnel

TODAY'S LAST two posts are in personnel, and are offered through Christopher West of the Courtney Personnel consultancy. Since he may not name either employer, he promises to abide by any applicant's request not to be identified to the client in question until further permission is given.

His first need is for a personnel director to be responsible to the managing director of a London-based subsidiary of a British group. The subsidiary employs about 10,000 people working at several sites. Although the emphasis will be on industrial relations, the newcomer will be involved in the general running of the business and also much concerned with what Mr. West terms "management resource development."

Candidates should have a record of success, preferably in line management as well as personnel, in estimable industrial companies. Salary indicator is about £25,000, with non-contributory pension and car among the other benefits.

The other post is for a manager of manpower development based in south-east England with a manufacturer of semiconductors which markets world-wide. "The company has up to now been a traditional engineering one, with a payment-by-results scheme on the shopfloor and unions representing everyone except staff." Christopher West says. Henceforth, however, it aims to foster improved co-operation among the entire workforce, with particular reference to the mutual understanding of design, manufacturing and quality control activities.

To this end, the personnel manager wants a specialist who has helped to devise successful methods of changing attitudes and procedures in comparable industry. Those with line-management experience would again have an advantage, and an engineering degree would help. Salary indicator is up to £15,000 or so.

Inquiries to Mr. West at 1 Maddox St., London W1R 9LF tel. 01-499 1875.

Oil Consultant

BANKING

This is a career appointment with a leading British international bank which is reinforcing its team of energy specialists to handle increased business.

- THE PRIME TASKS are the analysis of potential projects and the active development of new business in the oil and gas sectors. Senior representation at home and overseas will be involved.

- THE PREFERRED BACKGROUND will include at least ten years successful progress in a major oil company, working in mid-stream functions such as supplies, oil economics, trading. Familiarity with computerised financial analysis techniques will be valuable.

- AGE 35/50. Remuneration negotiable over £17,000 plus car and usual banking sector benefits. City-based.

Write in complete confidence to D.A.O. Davies as adviser to the bank.

TYZACK & PARTNERS LTD

MANAGEMENT CONSULTANTS

10 HALLAM STREET LONDON W1N 6DJ and 21 AINSLIE PLACE EDINBURGH EH3 6AJ

ACCOUNTS SUPERVISOR

required for a South London charitable foundation

The books of account are currently kept on a manual system but this is being reviewed. The work is mainly concerned with the accounting for the collection of rents and service charges for some 4,500 properties.

The successful applicant would be required to:

(1) take charge of a small staff

(2) prepare salaries, PAYE, etc.

(3) be responsible for the day-to-day running of a small accounts office

Applicants should be self-starters capable of dealing with the allocation of expenditure, payments of accounts, preparation of rent rolls and book-keeping to Trial Balance. Preference will be given to someone who has had property experience. Salary £7,000 per annum. Please write giving full particulars, of age, experience, etc., to:

Box A7440, Financial Times, 10 Cannon Street, EC4P 4BY

Financial Director

Well into five figures + car

Scotland — Around 35

Our client has most, if not all, the features which will be attractive to a young, high calibre Financial Controller who now wants to move into the No. 1 job. They are brand leaders; profitable; international; investing in new products; fast moving and keen to give responsibility and opportunities to people who can show they deserve them. To be credible, you must be an accountant or business graduate with a lot of financial management experience from a company, marketing as well as manufacturing, preferably in f.m.c.g., and must be used to handling a sizeable man-management role plus contact with senior people in the manufacturing, sales and marketing areas of the business. Opportunities are excellent throughout this international organisation. Salary will be negotiated to get the right person and other benefits are those normally given by an international company.
(PA Personnel Services ref AA45/7592/FT)

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hobart House, 80 Hanover Street, Edinburgh, EH2 1EL. Tel: 031-225 4481. Telex: 72556.

PA

A member of PA International

Financial Controller

Director Designate — c.£15,000 + car

Clothing Manufacture — Yorkshire

A leading manufacturer of high quality clothes for both home and export markets is looking for a Financial Controller. The business is highly successful with a £50 million turnover.

The job reports to the Corporate Finance Director and is primarily involved in responsibility for the control of costing information and systems, together with financial forecasting and accounting development.

Experience in cost control in a large organisation is essential. Textile or allied industrial experience would be useful, but not as important as a successful track record in a challenging environment. The role calls for drive, ability and leadership qualities. The preferred age is 30-40. A directorship is envisaged within 12 months.

Salary is negotiable around £15,000 and in addition there is a very attractive package of benefits including an executive car, non-contributory pension scheme, BUPA and 5 weeks holiday. Re-location expenses will be paid where appropriate.

PERSONNEL ADVERTISING LIMITED

Please write or telephone 01-831 7444 in the first instance, for an application form to David Macmillan, Personnel Advertising Limited, 22 Red Lion Street, London WC1R 4PX, quoting ref. CRS 622.

GROUP MANAGEMENT ACCOUNTANT

Growth Opportunity

c. £9000 & car — Location: open

Avora Consolidated Holdings Limited, with a turnover now well into seven figures, is a highly successful Group with diverse interests principally in quality household, electrical and consumer products. This new appointment, reporting to the Group Financial Director, forms a key part in plans to ensure that all aspects of Group administration and financial control develop in tandem with increased product demand. Location is open for discussion, but the preference is Midlands or South East.

Prime responsibilities will include the overall financial management of 2 or 3 of the Group's companies and an involvement in the management accounting of the others; preparation of consolidated Group accounts each quarter; and the initiation and development of computerised management information systems across the Group and its manufacturing, distribution and retailing activities.

Candidates, qualified Accountants preferably aged mid 20's to mid 30's, should EITHER be currently employed by a top accounting firm OR have at least 2 years' industrial accounting experience and be seeking a more demanding role.

Please write with full career and salary details to: John Kind, Group Financial Director, Avora Consolidated Holdings Limited, Redriff Road, London SE16 1LL. Tel: 01-237 0121.

AVORA

Internal Auditing Director

Cobham, Surrey

Sperry Corporation, with Headquarters in New York City, is one of the world's largest industrial concerns. We require an Internal Auditing Director to be accountable for the continuous appraisal of financial and operating controls in the corporate subsidiaries throughout Europe, the Mid-East and Africa. You will also co-ordinate the activities of external auditors with the department's own audit plans and coverage and will be responsible for fifteen professional staff.

This position requires tact in dealing with people at all levels and the ability to present criticism and recommendations to the highest levels of management. Applicants should have a broad knowledge of industrial organisations, international operations and accounting practices. Some experience is required in public accounting and internal auditing in an industrial organisation.

The working conditions are excellent and the salary, company car and other benefits are commensurate with a large multi-national organisation.

Applications, together with an up-to-date curriculum vitae, should be addressed in confidence to: G. F. Canning, Staff Vice President — Personnel, Sperry Corporation, 78 Portsmouth Road, Cobham, Surrey KT11 1JZ.

SPERRY

Challenging Opportunities for Actuarial Students

ABBEY LIFE is on the threshold of considerable expansion. We are seeking Actuarial Students to join an existing successful team at our Head Office in Bournemouth. To make an important contribution to our expansion plans, we need high calibre men and women in the following areas who can readily accept the challenge of responsibility whilst maintaining a successful examination record.

Product Management

To be responsible for the evaluation and testing of new products, including the actuarial analysis of market needs and competitor development.

Financial Analysis

To assist corporate management on short and medium term planning through the analysis of the company's current and planned financial position.

These opportunities will be suitable for students who have recently completed the Group A examinations, although we will also consider those who expect to do so this year.

Salaries will be in the range of £8,000 to £10,000, depending on ability and experience.

An excellent benefits package includes, a subsidised mortgage scheme, flexible working hours and full relocation allowances.

Please write with career details or telephone for an application form to:

J.A. Gough, Recruitment Manager,
Abbey Life Assurance Co. Ltd.,
Abbey Life House,
80, Holdenhurst Road,
Bournemouth, BH8 8AL
Tel: Bournemouth (0202) 292373

Abbey Life

Managing Director for Norsk Hydro (UK) Ltd

Norsk Hydro A.S. is Norway's largest industrial company with a turnover of 1.5 billion pounds and 13,000 employees. The Company is involved in production of fertilizers, petrochemicals, aluminium, magnesium and oil and gas from the North Sea.

The Group has an international profile and during recent decades has developed a comprehensive activity in the U.K., initially in the aluminium field and more recently also in the petrochemical industry.

The U.K. activities comprise six operating companies wholly or partly owned by the U.K. Holding Company, Norsk Hydro (U.K.) Limited of Feltham, Middlesex.

The present U.K. Managing Director is now leaving to take up another managerial position with the Group in Scandinavia and a new Chief Executive is required.

The Managing Director's two main areas of responsibility are:

- Co-ordination of Norsk Hydro's activities in the U.K.
- Special concern for the marketing of aluminium products in the U.K., working closely together with the aluminium division in Oslo.

Experience

Several years' responsible management role in industry, preferably the aluminium industry, with emphasis on marketing and financial matters.

Education

A degree from university, business school or other professional background.

Age

35–50 years.

Nationality

Preferably British.

Remuneration

The package is negotiable and is based on a competitive salary plus car, pension scheme and other fringe benefits.

Applicants should write in confidence to: Mr. Stig Rantsen, Managing Director, Norsk Hydro (U.K.) Limited, Concord House, The Centre, Feltham, Middlesex, England.

Norsk Hydro

FINANCIAL DIRECTOR

£20,000 p.a.

UDS Group wish to appoint a Financial Director for their Duty-Free division which is a major international operator and supplier of airport and ship shops. The successful candidate will probably already occupy, or have occupied, a similar position in a commercial undertaking and be capable, not only of assuming responsibility for all accounting and financial functions of the division, but also of handling financial and contractual negotiations with Airport Authorities and Shipping Lines at the highest level. A knowledge of the implications of foreign currency transactions is imperative.

Based in Southampton he/she will report directly to the Divisional Chief Executive and take a major part in policy decision making. The salary and benefits offered reflect the responsibility of the position and the calibre of executive sought.

Please apply with full details of background and experience in writing to:

Peter Sheldon—Director
UDS Group Ltd
Marble Arch House, 66/68 Seymour Street
London W1A 2BY

DATA PROCESSING DIRECTOR

National Magazine Company is a major magazine publishing house based in central London. Its subsidiary company COMAG, in the Heathrow area, distributes its magazines and those of other publishers.

In order to meet the growing computing needs of these two companies, the present NCR 8450 computer will be upgraded to an NCR V8555M using VRX operating software and the TOTAL database management system.

The Data Processing Director will be responsible for all group computing activities and requirements, including the planning, implementation and successful running of substantially expanded distribution and marketing systems for COMAG.

Ideally the candidate will have experience with both database management systems and NCR equipment with on-line applications. Salary will be negotiable but will reflect the quality of the candidate sought.

Please send comprehensive career details together with those of availability and present salary to:

Beverlie Flower
The National Magazine Co Ltd
National Magazine House
72 Broadwick Street
London W1V 2BP

Graduate Opportunity in Investment

around £7000

Sun Alliance is one of the country's largest insurance groups with funds of around £1,700 million. An attractive career opportunity is immediately available for a recent graduate to train as an Investment Analyst within our small, highly-professional investment team with good prospects of moving on to investment management. Training will cover all aspects of the investment function including stock market operations, company financial analysis and, in due course, will involve meeting stockbrokers and industrialists.

The successful candidate will be aged not more than 23, will have graduated recently in Economics, Business Studies or Law and may already be employed in the investment field or alternatively seeking to change career paths.

Starting salary will be around £7,000 with valuable fringe benefits.

Please write to or telephone for more information and an application form to Terry Glover, Senior Recruitment Adviser, Sun Alliance Insurance Group, 1 Bartholomew Lane, London EC2N 2AB. Tel: 01-588 2345, ext. 1181.

SUN ALLIANCE INSURANCE GROUP

CREATE YOUR OWN FUTURE

BE A CITY PERSONNEL CONSULTANT

Have you had a successful career to date? Do clients seek the services/products of your current employer, mainly because of a respect for your personal abilities? Do you now want a change which will give you greater accountability, prospects, and freedom for initiative and creativity?

If so, and you are looking for a remuneration package which could be worth considerably in excess of £15,000 in your first year, including a basic salary of c£10,000 + Car + Bonus, then we have a proposition for you.

We are a young dynamic and innovative firm of personnel consultants providing a personal range of professional services to a wide cross-section of the business world, both in the U.K. and overseas.

Our immediate need is for a Consultant, aged 27-40 to advise and promote our services to a range of City based businesses including Insurance Co's and Insurance Brokers, Stockbrokers and Banks, and will initially entail developing skills in handling important retained recruitment assignments from start to finish.

The talents that we particularly seek are the understanding of people and their requirements, the confidence, determination and powers of persuasion to sell a really worthwhile service and the ambition and tenacity to establish yourself in a highly competitive market.

Other benefits will include contributory pension scheme and free life cover, private medical care and lunch allowance.

If you feel ready for this sort of challenge, then apply to Ian L. Duff, M.B.A., M.I.P.M., A.I.B., Cripps, Sears & Associates, Burne House, 88/89 High Holborn, London, WC1V 6LH. Telephone: 01-404 5701 (24 hrs), Telex: 893155 Cripps G.

Cripps, Sears

MANAGEMENT CONSULTANT

£25,000 plus (linked to results)

Our clients are a small/medium sized firm of Chartered Accountants with a fast growing practice in London W1. They are presently establishing a Management Consultancy division and wish to recruit a Chartered Accountant who should also be a graduate in Maths, Engineering or Economics. He/she should currently be working at top level in a consultancy practice and possess well established connections and also be engaged in promoting a firm's consultancy services — clearly a first rate opportunity for a consultant seeking a greater degree of autonomy in a fast developing firm. *Please reply to:*

DAVID J. WILKINSON or ALAN SNOW F.C.A. at
HARRISON AND WILLIS LIMITED,
(The First Name in Accountancy Recruitment)
39 Albemarle Street, London, W1X 3FD. 01-629 4463 (24 hours)

Banking/ Investment

The City £10-£25,000

We would like to talk to men/women who are on their way up in the Securities/Banking industry. We are always *interested in meeting above average people who* are concerned to plan their careers. Vacancies which we currently seek to fill include:-

Corporate Finance

Two vacancies—one with an Accepting House—one with a major stockbroker. *ACA/Solicitor* plus three years' experience in bank etc. to £16,000

Additionally, recently qualified ACA's with investigation experience. c £11,000

Project Finance

Senior Executive – Accepting House – negotiating experience in overseas countries. City based. Graduate plus five years' experience. to £14,000

ECGD Executive—Merchant Bank. c £15,000

Investment

Head of Research—Leading Accepting House. to £18,000

Pension Fund Manager—Accepting House. c £15,500

Unit Trust Manager/Analyst c £12,500

Fixed Interest Specialists.—Bonds and Gilts Specialists for Accepting House. Two posts. c £13/20,000+

Institutional Salesman & Analysts – Groups or individuals. £ Neg

Please write with brief career details to Colin Barry or David Barton at Overton Shirley and Barry (Management Consultants) Second Floor, Morley House, 26 Holborn Viaduct, London EC1A 2BP, or alternatively ring for confidential discussion—01-353 1169.

Overton Shirley and Barry OSB

ASSISTANT ACCOUNTANT

City **Salary neg.**

Godsell & Company Limited, a leading firm of Money Brokers, requires an assistant for the Company Accountant.

This is a new position. Duties will include responsibility for certain day to day routines, assistance with the preparation of monthly, annual and group accounts and assisting in the preparation and control of budgets and cashflow forecasts.

Candidates should be part or newly qualified Accountants (ACA, ACCA), age 22-25 seeking their first move into commerce. A willingness to be involved with the use and development of computer systems is essential.

Applications in writing with full career details should be sent to:

A. G. MINNS, FCA,
GODSELL & COMPANY LIMITED
Marlon House, 71/74 Mark Lane,
London EC3M 4AQ

SENIOR MANAGEMENT MARKETING EXECUTIVE

Our client is a major international company in the service field and Brand Leader in the highly specialised area of its operations in the UK in which this vacancy occurs.

This key appointment is a challenging and highly-demanding career opportunity and the successful candidate will report direct to the Chief Executive. Outstanding personal qualities together with an established track record in senior management and practical profit-responsibility experience in every aspect of product research and development and in the complete spectrum of sophisticated marketing activities are essential. The direction and control of advertising and promotion and the co-ordination of profitable sales performance at area, regional and national level would also fall within his or her range of responsibilites, as well as budgetary planning. Salary is negotiable and location would be in the London area.

This position is open to male and female applicants and all correspondence will be treated as strictly confidential. Full career details should be forwarded care of Adam West at GGA Ltd, St. John's House, Queen Street, Manchester M2 5JB. If there are any companies to whom your details should not be given, please state this in your covering letter.

GGA

CHARTERHOUSE APPOINTMENTS

Europe House
World Trade Centre
London E1 9AA

RESEARCH ANALYST
for international stockbrokers. No specialist knowledge required but a thorough grounding essential. £ negotiable.

FUND MANAGERS
are required by both major stockbrokers and international *merchant bankers*. Specialist knowledge of UK equities preferred. Salaries are negotiable according to qualifications and experience.

EUROBOND SETTLEMENT CLERK
for European bank. 2 years experience preferred. C.£6,500.
(or 01-223 0730 evenings/weekends)
Please contact David Lubbock on the number below

01-481 3188

RAPIDLY-EXPANDING PUBLIC COMPANY REQUIRE

ASSISTANT COMPANY SECRETARY

To be based in Head Office in Manchester.

Only fully-experience people need apply who must possess necessary qualifications.

Please reply to:
The Group Secretary,
PENNINE COMMERCIAL HOLDINGS LIMITED,
Virginia House, Cheapside, Manchester M2 4WG.

Financial Controller

Central London **c £17,500 + car**

Over the last 25 years our client has firmly established itself as a major meat importer and distributor with a turnover approaching £100 million. This traditionally high volume/low margin business is highly volatile and it is imperative to maintain a highly efficient accounts function to provide management with prompt and reliable information.

Our client would like to hear from Qualified Accountants, aged over 35, who can demonstrate success at senior financial level in a fast moving, consumer goods environment. Depth experience of initiating and controlling computer-based systems is an important requirement.

You will be responsible to the Managing Director for all accounting, financial control and treasury aspects of the business and, as a member of the small top management team, you will be fully involved in the group's development in the U.K. and overseas.

There is an excellent package of benefits and long term prospects are assured for someone who can meet the demands of this international business.

Please send concise personal, career and salary details, or apply for an application form quoting ref: AC 520/FT to:

W. S. Gilliland, Thornton Baker Personnel Services Limited, Fairfax House, Fulwood Place, London WC1V 6DW. Telephone: 01-405 8422.

A member of the Management Consultants Association

CONTROLLORE REPARTO CREDITO

Your fluency in Italian is an essential pre-requisite for this position as Credit Manager for South and Central Europe. But, though that's the reason for our Italian heading, we're continuing in English because you would be based at our European headquarters in Central London.

We are one of the world's largest textile companies and we have substantial sales in Europe, as well as production facilities in five countries.

Detailed negotiation with major customers for substantial contracts is central to this position. You would be concerned with assessing credit risks and for collections which relate to sales made in Italy, Austria, Germany and the Mediterranean region. This will involve regular travel and close liaison with sales management.

You must already be experienced in credit management, and have worked for a multinational that has provided you with a knowledge of overseas trading practices. Reporting to the European Credit Manager, you will be responsible for your own team based in London. Consequently, you must combine management skills with the ability to communicate with staff, other managers and customers at all levels. A third language would be an advantage.

The salary level is negotiable and will reflect your background. There will be large company benefits to match. This is a position that will utilise all your skills whilst providing a rare breadth of work in an international field.

For further details, candidates, male or female, should forward a full c.v. plus covering letter to: Mr L. Thorne, European Personnel Manager, Burlington AG, Regent Arcade House, 19-25 Argyll Street, London W1V 1AA. Tel: 01-734 8242.

Burlington AG

Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM. CARDIFF. GLASGOW. LEEDS. LONDON. MANCHESTER. NEWCASTLE. NOTTINGHAM and SHEFFIELD

Divisional Financial Controller

North West, c.£14,000 + car

This is a new appointment and one of real commercial significance. The division is an independent profit centre with a turnover of £45 million, has six trading subsidiaries, selling and distributing a wide range of products. The Financial Controller will work closely with the Divisional Managing Director to co-ordinate and control the total divisional activity. Specific responsibility will be for long, medium and short term planning, divisional management accounting standards, and ensuring the group's accounting requirements are fulfilled. Applicants, qualified accountants, 35 - 45, with broad commercial experience in a sophisticated systems environment must be able to demonstrate their ability to make decisions and to contribute to the total management of a business.

R.D. Howgate, Ref: 27187/FT. Male or female candidates should telephone in confidence for a Personal History Form **061-236 7036**, *5th Floor, Fountain House, 81 Fountain Street,* **MANCHESTER, M2 2EE.**

Group Financial Accountant

Director–designate

London ***£15,000 + car***

Our client, a relatively new and prospering transport and trading group whose associates include a prestigious European shipping organisation, is actively involved in operations throughout UK, Europe and West Africa, now wish to recruit a competent and energetic Chartered Accountant for this key position.

The Group Financial Accountant reporting to the Managing Director will control the full financial and administrative functions for the group which is in a developing situation. This will involve regular financial reporting and maintenance of relevant services to ensure the smooth running of the group.

The successful candidate is likely to be between 30 and 40 and have at least 5 years experience in a progressive commercial environment using computer based accounting systems.

In addition to an initial salary of £15,000 plus car, benefits include bonus, pension scheme and life assurance, holidays, BUPA and annual salary reviews. This vacancy offers personal and career opportunities in a developing and growth situation.

Please write in confidence for further details and a personal history form to Michael Andrews, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY quoting MCS/7030.

Price Waterhouse Associates

FINANCIAL CONTROLLER

SURREY MID 30's UP TO £15,000 + CAR

Our client is a vigorous, rapidly expanding electronics company with *a range of products to ensure its growth and profitability*. They require a young Financial Controller reporting directly to the Board.

The responsibilities include:

- day-to-day running of the accounting function
- production of monthly and annual accounts
- preparation of annual plan and longer term forecasting
- installation of a budgetary control system
- cash flow and the continuous development of accounting systems.

Candidates must be qualified accountants and have some industrial experience, preferably in a medium sized company. Some computer and costing experience is desirable. The preferred age range is mid 30's. A Board appointment is envisaged within 18 months. Salary is negotiable up to £15,000 + car and there are other fringe benefits.

Please send a comprehensive career résumé, including salary history, quoting ref. 1090, to W. L. Tait.

Touche Ross & Co, Management Consultants
Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011.

Sterling Dealer Foreign Exchange Dealer

to £12,000+car

These positions form part of a small team in a modern Treasury Department in London, responsible for a major multi-national's sterling and foreign exchange operations.

In addition to dealing, the Sterling Dealer will be required to assist the Money Manager in establishing the overall money management strategy and should therefore be numerate with a considerable knowledge of the U.K. money markets and economy.

The Foreign Exchange Dealer will preferably have an understanding of exposure management techniques as well as sound experience in the foreign exchange markets.

Salaries will be negotiable according to qualifications and experience and there is also an excellent range of company benefits normally associated with large multi-national companies.

Please telephone for further details and an application form to:

F. A. Cowley (CRS/203).
Lockyer, Bradshaw & Wilson Ltd., North West House,
119-127 Marylebone Road, London NW1 5PU. Tel: 01-262 0184.

LBW
LOCKYER, BRADSHAW & WILSON LIMITED

UK Equity Manager Airways Pension Scheme

An experienced Equity Manager is required for the Investment Department of the Airways Pension Scheme to take control of the operations of the discretionary area of the UK Equity Portfolio. The position is based at Kershaw House, Lampton Road, Hounslow.

The Scheme's total portfolio is valued conservatively in excess of £900 million, of which £300 million is invested in UK equities.

Reporting to the Investment Manager, the successful man or woman will be responsible for the day-to-day dealings of Senior Analysts, and will assess opportunities for growth, new technology, and investment in smaller companies, presenting reports to the Trustees for approval. There will be regular contact with senior management in industry and commerce and with the Stock Exchange.

Candidates must have an appropriate degree or professional qualification and experience in a comparable institution or Stockbroker's office.

Salary will be £9,025 rising to £11,325 and will be subject to review in April. Benefits will include membership of an index-linked pension scheme and favourable holiday air travel opportunities.

Please write giving full details of qualifications and experience to: The Manager – Senior Staff Recruitment, British Airways, PO Box 10, Heathrow Airport – London, Hounslow TW6 2JA.

British airways

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

SENIOR U.K. LENDING Salary neg.	To join a high calibre team in a newly established bank – full responsibility for the development of U.K. lending business. First class career record essential.
CUSTOMER DEALER to £12,000	A leading French bank requires a customer liaison dealer. They must be experienced in the provision of Forex advice to large corporate clients which should include the commodities sector.
F.X. DEALER c. £10,000	A major French bank seeks a dealer with 2 years spot/forwards experience, with a "good name" bank. Fluency or good working knowledge of French essential.
INVESTMENT ANALYST £8,000+	The International Investment Division of a large North American bank seeks an Analyst to join its international fixed interest research team. Specific experience in Gilts/Eurobonds is an advantage. However, a general knowledge and interest in these markets is a primary requirement. A degree in Economics or Mathematics would be useful; the ability to communicate, both verbally and in written form, is essential. Age 24/30.
GRADUATE BANKER £7-9,000	To assist the marketing officer of the German/Scandanavian desk in a consortium bank. Good knowledge of credit and a relevant language are both essential. Age 25/30.
CORPORATE FINANCE (A.C.A.) £8-10,000	An opening in the Corporate Finance Dept. of a leading Accepting House for graduate A.C.A. aged 25-29. Excellent prospects.

For further details, please telephone Brian Gooch or Kevin Byrne

First floor—entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

Managing Director
to around £25,000

for a 2,000-strong, £35m. turnover division of a large, diversified and prosperous British group.

The division manufactures and markets brand leading consumer products but also supplies public authorities and industry.

The MD's objective is to match or better a formidable growth and profit record. The group is composed of strong, professionally managed divisions; advancement is there to be earned.

Candidates, age 40 or thereabouts, must already carry full general management accountability for a substantial manufacturing operation. The ideal would be a technical graduate from a high volume packaged consumer goods background.

Salary negotiable with matching benefits. West Midlands base.

Please write – in confidence – describing how the requirements are met to D. A. Ravenscroft ref. B.25529.

This appointment is open to men and women.

United Kingdom Australasia Benelux Canada France Germany Ireland Italy Scandinavia South Africa Switzerland U.S.A.

MSL
Management Selection Limited
International Management Consultants
474 Royal Exchange Manchester M2 7EJ

SECURITIES ANALYST

required by Company engaged in the field of public and private company acquisitions and investment, principally, but not exclusively, within the United Kingdom.

The successful applicant will probably have worked in a corporate finance or merchant banking environment and possess a professional qualification.

This will be a good opportunity for a person having the requisite skills to join a small international team of dedicated personnel servicing the requirements of an expanding group of U.S. and UK companies.

Successful applicant will be required to locate in either London or Manchester but will travel extensively within the UK and occasionally overseas.

Please send comprehensive c.v. in confidence to:
Box A7439, Financial Times
10 Cannon Street, EC4P 4BY

Growth Opportunity in Property
Financial Controller
Mayfair
Negotiable c.£17,500

Our client is a small but fast growing public company in the commercial property business with its head office in new premises in the heart of bustling Mayfair.

They require an enterprising and self-motivated QUALIFIED ACCOUNTANT who would enjoy a high level of involvement in the day-to-day management and development of the business. You will be directly responsible to the Managing Director for all financial and secretarial matters with active participation in the preparation of cash flow projections, financial appraisals and Stock Exchange documents. Some commercial experience is required.

Career prospects are outstanding for someone whose technical abilities and commercial acumen can meet the expanding needs of the company.

Please send concise personal, career and salary details or telephone (01-405 8422) for an application form quoting ref: AC 521 to:-

W.S. Gilliland, Thornton Baker Personnel Services Limited, Fairfax House, Fulwood Place, London WC1V 6DW.
A member of the Management Consultants Association

ROWE RUDD & CO.
LIMITED

CORPORATE FINANCE

Rowe Rudd & Co. Limited wish to expand their corporate team and to recruit new staff. The ideal applicants could come either from an *existing corporate finance environment in the professions* or from a Merchant Bank.

The qualities required will be:–

- At least three years experience in a similar position
- A capability of leading on an issue
- An ability to make intelligent appraisals of potential corporate finance projects
- An understanding of business methods and a sensitivity to the problems encountered by entrepreneurs and managers in *small to medium* sized companies.

The remuneration package will be so structured as to attract individuals of an ambitious nature and in addition to all the usual elements, an attractive executive share *option* scheme will be offered.

Replies in the first instance to:–
G. P. Kelly, Esq., Rowe Rudd & Co. Limited,
63 London Wall, London EC2M 5UQ.
Telephone 01-628 9666

EMA

YOUNG ACCOUNTANT

Slough **c£12,000**

Joining as Financial Planning Manager, the accountant will have a range of responsibilities involving exposure to all levels of management and all disciplines within the company. Duties will include period accounting, *business forecasts, planning and product pricing, and a key aspect will be* the ability to influence the direction of the business. Prospects for career development are good.

A manufacturing division of one of the world's most successful food groups, our client has a turnover of £14 million and is undergoing rapid growth. Aged 24-28, applicants (male or female) should be graduate qualified accountants and should telephone or write to David Hogg, FCA, quoting reference I/2043.

EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn, London, WC1V 6LR
Telephone: 01-242 7773

Major International Company
Recently Qualified Accountant
International Management Services — City

As a result of promotion and reorganisation a new member is sought for our Head Office Management Services Department. The Group is a multinational which engages in a very broad range of business activities and pursues an active policy of expansion by organic growth and acquisition. The Management Services Department advises subsidiaries on a variety of matters, principally profit improvement, acquisition studies, business and financing policies and EDP installations.

To join our team we are seeking an ambitious, self-motivated, recently qualified *Accountant from one of the leading professional firms* or with suitable commercial experience. Salary, which will not necessarily be a limiting factor, is circa £11,000 and benefits are in line with those offered by a major company. The successful candidate, who should ideally be aged 25 to 26, must be prepared to travel overseas for up to 30% of his/her time.

Applicants should write with full personal details and career experience to date, to The Personnel Director (UK), Inchcape Management (Services) Limited, 40 St. Mary Axe, London EC3A 8EU.

Inchcape

EMA

OIL TAXATION
Age 25-30

London **c£15,500**

Working closely with the Tax Manager the appointee will take initial responsibility for the tax matters — compliance, planning and negotiations — of the $800 million turnover UK subsidiary. The position will provide exposure to senior management both within the company and its consortium partners, and will develop an increasing involvement in *international taxation leading to a substantial range of responsibilities.*

Our client is part of a major international group which principally explores for and produces oil and minerals worldwide. The company is a partner in a number of producing fields in the North Sea, with further and continuing exploration activities in Europe and Africa. Applicants, (male or female) from the profession or industry, should be qualified accountants with corporate tax experience. Please telephone or write to David Hogg FCA *quoting reference I/2051.*

EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn, London, WC1V 6LR
Telephone: 01-242 7773

FINANCIAL ADVERTISING SALES EXECUTIVE

George Outram and Co. Ltd. is the publisher of Scotland's leading quality morning, The Glasgow Herald, and The Evening Times, Scotland's biggest selling evening newspaper. We have just confirmed our plans to launch, at the end of April, a new Sunday newspaper which *promises* to be the quality newspaper in a market already enjoying an excellent quality daily presence.

For the key area of financial advertising for both the new Sunday and The Glasgow Herald we are looking for a Sales Executive with in-depth experience of working with leading companies and *financial institutions, who* has already developed contacts with many of the established agency names in media buying in the UK.

Based in London you will have the support of a highly professional team whose experience of the regional Press *is outstanding. Our current publications are produced* by one of Europe's most modern and flexible production systems and to further emphasise our commitment and confidence we are investing the biggest launch budget ever in the regional media scene.

We offer an attractive remuneration package, negotiable according to proven record of success.

If you wish to find out more about this unique opportunity, telephone our London Advertisement Manager,

DAVID MONTGOMERY
at 01-377 0890

David Grove Associates
Bank Executive Recruitment
60 Cheapside London EC2V 6AX
Telephone 01-236 0640

A.C.A.—FINANCIAL CONTROL — £14,000
A challenging opportunity, in an expanding environment, for an A.C.A. to assist the financial controller in the provision of a total financial support service to management. Candidates must have bank accounting experience. Preferred age 28-33.
PLEASE CONTACT NORMA GIVEN ON 248 1858.

ACCOUNTS — up to £10,000
We are handling a number of vacancies for candidates with good Bank accounts' experience including audit, tax, and foreign exchange. Computerised accounts experience useful. Excellent prospects and benefits. Ideal age 25-30.
PLEASE CONTACT NORMA GIVEN ON 248 1858.

LENDING OFFICER — c. £12,000
American Bank seeks UK Business Development Officer to augment the team responsible for generation of new business. Interested candidate, aged early 30's, should have several years *commercial lending experience.*
PLEASE CONTACT STEPHEN LAWSON ON 236 0640.

APPOINTMENTS ADVERTISING
RATE £22.50 PER SINGLE COLUMN CENTIMETRE

Arbitrage/Foreign Currency Settlements Clerk

required by old established
London Stockbrokers
specialising in overseas markets
Salary negotiable depending on experience
Phone Admin. Partner 01-638 3644

Senior Management

Interexec is Europe's largest and most comprehensive job finding and career advisory service for senior executives.

Interexec clients do not have to register with agencies, apply for appointments, prepare application forms or any other written presentation, write letters, or even find vacancies.

Interexec's 50 specialist staff and access to unadvertised vacancies assist executives rapidly and discreetly.

If your future is in doubt, telephone an Interexec Office.

Interexec Hse, 22/23 Old Burlington St, LONDON, W1. 01-434 3661/0
Elizabeth Hse, Suffolk St, Queensway, BIRMINGHAM 021-643 2924
Sunley Building, Piccadilly Plaza, MANCHESTER 061-236 3732

InterExec

APPOINTMENTS WANTED

AMERICAN LAWYER
with substantial international and tax experience desires association with firm having similar interests.
Write Box A7444, Financial Times 10 Cannon Street, EC4P 4BY

Assistant Financial Analyst
mid 20's
c.£9000

Interesting and varied work for someone with experience (1-5 yrs) of American banking activities. Sub. mortgage and other excellent benefits. Suit someone with AIB, Economic degree or qualifying for ACA. *Full details from:*
DAVID WHITE ASSOCIATES LIMITED
405 7711
Recruitment Consultants

COMMODITY BROKERS
Require Executive for international client business. Fluent in German, Swiss/German, English and French. At least two years' experience, particularly Swiss/German markets. Age 25-30. Single. Prepared to travel.
Write with cv to Box A7418 Financial Times 10 Cannon Street, EC4P 4BY

YOUNG FINANCIAL CONTROLLER
£15,000 p.a.

to join a fast growing international publishing house and design agency. Ability to control all aspects of accounting, finance and *administration. Excellent prospects.*
Contact: David Stevens
IAN MARTIN LTD
11 Uxbridge Street W8
01-221 2535

MALE SCIENCE GRADUATE
CAMBRIDGE
(M.A., Ph.D.) with proven record in Physical Distribution Management/ Exporting seeks new challenging career opportunities.
Write Box A.7445, Financial Times 10, Cannon Street, EC4P 4BY

THE ROYAL LONDON

AN OPPORTUNITY IN INVESTMENT MANAGEMENT

The Royal London Mutual Insurance Society has a vacancy *within its small but active investment management team.* Applicants should be in their early twenties and a good honours degree in Economics or Business Studies would be considered an advantage.

As a member of this team the successful applicant would be engaged, after a short period of training, in both research and dealing in connection with a large portfolio of Stock Exchange Securities.

This opening offers a competitive salary, interesting and varied work and the prospect of an attractive career to the right person.

If you are interested, please write, giving brief details, to:- The Investment Manager, The Royal London Mutual Insurance Society Limited, Royal London House, Finsbury Square, London EC2A 1DP.

PERSONNEL ORIENTATED? BANKING CONSULTANT, E.C.2

Do you have personnel/recruiting experience and a thorough grasp of banking operations? Due to expansion we are currently looking for one or two consultants, age range 28-50, to handle the most senior levels of recruitment for the banking arm of our small group of specialist consultancies. Salary package in excess of £10,000 plus profit-sharing and benefits.

Call Lyn Cecil on 01-283 9953 for more information

FINANCIAL CONTROLLER
GREAT YARMOUTH — Circa £12,000 Plus Car

Major division within a rapidly expanding group of companies in the oil service sector requires a qualified accountant to assume responsibility for its total accounting function.

This is a senior management appointment reporting to the Group Financial Controller, and the successful applicant will be looking for an opportunity to expand his/her career in a commercial environment. The position calls for initiative, enthusiasm and the capacity for hard work.

An attractive package, including relocation assistance is offered.

Please apply with full career details to:
The Personnel Manager,
EAE LIMITED
Offshore House, Southtown Road, Great Yarmouth.

CLASSIFIED ADVERTISEMENT RATES

	Per line £	Single column cm. £
Commercial and Industrial Property Businesses for Sale/Wanted	7.50	22.50
Residential Property	5.50	16.00
Appointments	7.50	22.50
Business and Investment Opportunities	8.00	25.00
Personal	5.50	16.00
Motor Cars	5.50	16.00
Hotels and Travel	5.50	16.00
Contracts and Tenders	7.50	22.50
Book Publishers	—	net 9.50

Premium positions available
(Minimum size 30 column cms.)
£3.00 per single column cm. extra
For further details write to:
Classified Advertisement Manager
Financial Times, 10, Cannon Street, EC4P 4BY

BANK NOTES
Dealer

Experienced banknote dealer of proven ability required for our new department specifically trading in US dollar/Sterling. Excellent negotiable salary and benefits commensurate with experience

Baird & Co.
Tel: 01-555 3270

DIVIDENDS
Well established City firm of Stockbrokers

requires experienced person to work in the Dividend Section within their International Department.

Salary around £6,500 plus bonus.

Tel: 01-726 6541 for details.

Your future is at stake.

You can't change your past, but you can change the way you present it.

Personnel Services for the Individual places at your disposal comprehensive professional skills and expertise, designed to produce job applications that will get you the interviews you want.

We will also assist you with planning your job-hunt and provide support services tailored to your individual needs.

To find out more about PSI, without obligation, call, write or ring...

PSI PERSONNEL SERVICES FOR THE INDIVIDUAL

Fische Limited, Universal House, 60 Buckingham Palace Road, London SW1W 0RR. Telephone: 01-730 0781.

FISCHE

"NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS"

THURSDAY 5th MARCH 1981

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent Part II examinations. We propose to publish the list in our issue of Thursday, 5th March, 1981, which will also contain several pages of advertisement under the heading of "Newly Qualified Accountancy Appointments."

Advertising rates will be £22.50 per single column centimetre. Special positions are available by arrangement at premium rate of £25.50 per s.c.c. Copy date is Friday, 27th February. For further details, including reprints of previous features, please telephone 01-248 5597 or 4864 (direct lines).

Newly Qualified Accountants, especially Chartered, are never easy to recruit—don't miss this opportunity!

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Justice and the reporter's task

BY RAYMOND HUGHES

IT has been suggested (not least by judges themselves) that today's judges, unlike their predecessors, are not divorced or insulated from the realities of life as it is led by ordinary people. No doubt that is true in some respects: many judges travel on the Underground, push trolleys round supermarkets and stand in queues at the Post Office.

But if the Court of Appeal judgements in the Harriet Harman contempt case are anything to go by (and there is every reason to believe they are) their lordships are woefully ignorant of the facts of life on the Press benches in their courts.

Exaggerated

The Harman case concerned the right of solicitors to show journalists confidential documents that have been read out in open court. Lord Justice Dunn dismissed as exaggerated suggestions that a contempt ruling against Miss Harman would inhibit bona fide court reporting.

"If a reporter wishes to check . . . . the exact wording of a document he or she can always ask the counsel or solicitor for the party who disclosed the document.

"I have never known such a request to be refused, even in respect of private and confidential documents. And there is no reason why such a request should be refused."

Lord Justice Templeman took the same sort of line. Permission to see a document "will rarely be refused," he said.

I have news for their lordships: it is far from uncommon for reporters wishing to confirm the accuracy of their notes of evidence read out in court to be refused a sight of the relevant documents.

The problem should not be overstated: in many cases lawyers do co-operate more particularly with the regular High Court press corps; but refusals occur sufficiently often to make the problem a real one.

Nor does it arise only with private documents that litigants have been required to disclose for the proceedings. Solicitors often refuse to allow reporters to see affidavits, which are public documents filed with the court.

During the Harman appeal, counsel for the Home Office suggested that it would be proper to show either side's confidential documents that had been used in court to a journalist, if it were necessary to enable a fair and accurate report to be written.

Such stunningly unexpected, and uncharacteristic, generosity towards the Press left journalists in court wide-eyed with amazement.

One, however, decided to look the gifthorse in the mouth. Who, he later asked the Home Office lawyers, would decide if it was "necessary"? They were in no doubt about that: lawyers would be the arbiters of journalistic necesity, not the reporters who had to write and take responsibility for the reports.

Court proceedings are full of talk about "the due administration of justice" and the need for "justice to be seen to be done."

Regrettably, it does not seem to occur to judges or lawyers that possibly the requirements of justice extend to the Press being given the fullest co-operation to enable it to present to the public—for which, as Lord Denning never tires of saying, it is the watchdog of justice—adequate, accurate and balanced reports of public court hearings.

There can be no doubt that the Harman case will be used by some lawyers and their clients to try to limit the publicity their litigation might attract. In other words the public interest will be subverted by private interests—a consequence that it is hard to believe the Harman judges intended.

Public domain

There is, however, still a chance that the situation will be remedied. Miss Harman, backed by the Appeal Court's view that her case involves a point of law of general public importance, is to seek leave to appeal to the House of Lords.

It is to be hoped that the Law Lords will take a broader view of the public interest than have the lower courts. If they do not it will be left to Parliament to ensure that justice really is open by amending the Contempt of Court Bill so as to put all evidence given in open court into the public domain.

Admirable words, unpredictable judgments

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

"THE IDEAL at which the courts should aim . . is to produce a result, such that in any given situation both parties seeking legal advice as to their rights and obligation can expect the same clear and confident answer from their advisers and neither will be tempted to embark on long and expensive litigation . . ."

These admirable words were spoken by Lord Bridge when giving judgment on February 19 in *Awilco v. Fulvia.* He added that this ideal may never be fully attainable, but that judges must strive to follow clear and consistent principles and "steadfastly refuse to be blown off course by the supposed merits of individual cases."

To put it simply, judges are here to speak law and not to do justice. This is a precept which is not likely to kindle any great enthusiasm in any right-thinking man or woman, but some are persuaded that it is the best way of ensuring predictability and certainty of law, so that both parties can get the same advice from their advisers.

Unfortunately the unanimous judgment of the Lords, delivered by Lord Bridge, achieves the very opposite. It resolves the dispute arising from a time charter of the Chikuma, owned by Fulvia of Cagliari, Italy, in a way no businessman and few lawyers would believe possible.

Clause 5 of the New York standard contract provides that hire should be paid monthly in advance and if not paid punctually the owners should be at liberty to withdraw the vessel. The Norwegian charterers paid punctually and everything proceeded smoothly until January 22, 1976, when the instalment due on that date was remitted to the owners' bank through another Italian bank in Genoa.

On the same day the owners' account was credited so that they had immediate use of the money, but according to Italian banking law and practice would be credited with interest only from January 26 and would probably have had to pay the bank the interest for the four days if they withdrew the money imediately.

The monthly instalment amounted to some US$69,000, and the interest lost by the owners was negligible. Yet they took the view that a payment which would not entitle them to interest immediately was not a payment according to the charter-party, returned the money, and withdrew the ship, causing the charterers damage which, they claim, amounted to $3m.

The ensuing dispute came before Mr. Donald Davies, as sole arbitrator. He concluded that the owners were not entitled to withdraw the vessel, a conclusion with which few businessmen would quarrel, but the owners did and the arbitrator submitted his decision to the High Court for review.

It came before Mr. Justice Robert Goff, who reversed it. He reasoned that the telex transfer included a condition that interest would start only from January 26. Ergo, the owners did not receive unconditional right to immediate use of the funds. "In my judgment . . . one cannot ignore the power of money to breed interest," said the judge.

Relying on a dictum of Brandon J.* that the transfer of funds, to be commercially recognised must "give the transferee the unconditional right to the immediate use of the funds," he held that the owners were within their rights when they withdrew the vessel.

Applying the very same precedent, the Court of Appeal—Lord Denning and Lord Justices Waller and Dunn—reached the opposite conclusion. They unanimously restored the decision of the arbitrator. They reasoned that the sentence of the telex which delayed the counting of interest from Thursday to Monday was an inter-banking arrangement which did not affect the rights of the owners and was no true condition.

They also took the view that the arbitrator had found as a fact, or on a mixed question of fact and law, that the owners' rights were unconditional and that there was evidence to support such a finding. The lost interest would have been a sum of $70 or $100.

Lord Denning, MR, said: "It seems to me that that trifling bank charge, if it had been exacted, would not have affected the nature of the payment which had already been made. The credit was available to the owners in their bank as from mid-day on Thursday, January 22. The owners had the full use of it. It was unconditional. The mere debiting of a trifling bank charge would not make it conditional."

The Law Lords would have none of this common sense. They decided that the terms of the charterparty had to be interpreted strictly. "Ship owners and charterers," said Lord Bridge, "should be in a position to look after themselves by contracting only on terms which are acceptable to them."

* * *

One cannot help feeling that decisions like this one completely negate the intention of parties who have agreed on arbitration for the settlement of possible disputes. It is fundamental to arbitration that it should solve disputes according to commercial practice and common sense, arriving at a result considered fair in a particular business community.

This concept of arbitration found its echo in the Arbitration Act 1979 which reduced the possibility of appeals to courts and left the arbitrator with greater powers. It is also echoed in the guidelines laid down by Lord Denning in the Nema,** to the effect that the court should not ordinarily give leave to appeal from a commercial arbitration on a question which turns on the the commercial meaning of words, or the construction of words in their commercial context.

The validity of this has now been questioned by Mr. Justice Robert Goff in a judgment† delivered on February 5. The question before the judge was whether he should allow an appeal under the 1979 Act against an arbitration award concerning the meaning of the term "any additional war risk insurance premiums over and above normal war risk insurance premiums." Does this mean increased premium for war risk insurance, or premiums for an additional war risk insurance?

Mr Cedric Barclay, one the leading London marine arbitrators, held that the expression is a technical term where "additional" does not relate to an increase in premium but to a distinct and somewhat different type of insurance. Holding that Lord Denning's guidelines had no basis in the 1979 Act Mr. Justice Goff gave leave to appeal. He also allowed an appeal from this, his own decision, so that the Court of Appeal should have a chance to reverse it if it so wishes in which case, no doubt, the House of Lords will have yet another chance to reinstate the decision of the judge.

Do not despair, there is still before Parliament to restrict appeals from a decision whether or not to give leave to appeal. If passed the law could become marginally less unpredictable than it is at present.

* "The Brimnes" / 1973 / 1 WLR 386

** "The Nema" / 1980 / 2 Lld's Rep 339

† High Court, London, Q.B Commercial Court, "The Oinoussain Virtue" unreported

The Chikuma case was also discussed by Justinian in the Financial Times on February 23.

Gay George may beat Heighlin

RACING

BY DOMINIC WIGAN

SNOW and ice on trainer David Elsworth's gallops at Salisbury has not helped Heighlin's Champion Hurdle preparation. It is probable that the five-year-old will be in need of today's race at Wincanton.

There Heighlin, a 9-2 second favourite for next month's Waterford Crystal prize, meets Gay George on level terms in the Kingwell Pattern Hurdle which also features Bootlaces, Jugador and Atataho.

Although Heighlin's undoubted class may carry him through this afternoon as he bids to regain winning form after a two month absence from a racecourse, I believe that Gay George is a better bet.

The Duke of Devonshire's much improved young hurdler looked to be temporarily over the top when fifth behind Bird's Nest, Celtic Ryde, Heighlin and Connaught Ranger in the Bula Hurdle at Cheltenham on December 6.

However, he had previously notched a highly impressive sequence of victories before finding only the holding conditions beyond him in the Berkshire Hurdle at Newbury. There Gay George came to the end of his tether on the run-in after outpacing and outjumping Pollardstown from the third from home.

Half an hour after the Kingwell it is the turn of the Cheltenham-bound chasers with the renewal of that now well-established Gold Cup trial, the Jim Ford Challenge Cup. Here there is a fascinating race in prospect as Silver Buck attempts to enhance his festival prospects in the face of stiff opposition from Artifice and Master Smudge.

Silver Buck was back to his best in the King George VI Chase at Kempton on Boxing Day. Barring a serious jumping error he should prove a cut above Artifice.

WINCANTON
1.45—Casbah
2.15—Perambulate*
2.45—Gay George***
3.15—Silver Buck
3.45—Aleos**
4.15—Baron Blakeney

LINGFIELD
2.00—Mr. Whiskers
2.30—Prayukta
3.00—Glisseen
4.30—Sir Gordon

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.00 For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45 Bod. 2.00 You and Me. 2.15 For Schools, Colleges. 3.00 Claire Rayner's Casebook. 3.53 Regional News for England (except London). 3.55 Play School (As BBC 2 11.00 am). 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Scooby and Scrappy Doo. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 The Perishers.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Tomorrow's World.
7.20 Top of the Pops.
8.00 Hi-De-Hi.
8.30 Partners.
9.00 News.
9.25 Malice Aforethought.
10.20 Question Time with Robin Day.
11.20 The Best in the Ballroom (Carl-Alan Awards).
11.55 12.00 News Headlines.

All Regions as BBC 1 except as follows:—

Cymru/Wales—10.10-10.30 am I Ysgolion: Hwnt Ac Yma—Ddoe a Heddiw. 2.15-2.35 pm I Ysgolion: Ffenestri. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 11.55 News Headlines. News and Weather for Wales.

Scotland—10.10-10.30 am For Schools (Around Scotland). 12.40-12.45 pm The Scottish News. 3.25-3.55 The Afternoon Show. 5.55-6.20 Reporting Scotland. 8.30-9.00 The Current Account Report. 11.55 News Headlines, News and Weather for Scotland.

Northern Ireland—11.30-11.50 am For Schools. 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.20 Sportsweek. 10.50-11.20 Gallery. 11.55 News Headlines, News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
†5.40 Charlie Chaplin in "The Rink."
6.10 Maggie.
†6.35 Music-hall Greats: "Ask A Policeman," starring Will Hay.
7.50 Mid-evening News.
8.00 Treasures of the Hermitage.
8.30 Russell Harty.
9.00 The Little World of Don Camillo.
9.30 Man Alive.
10.20 The Mike Harding Show.
10.50 Newsnight.

BBC 2 Scotland only—2.00-4.40 pm Bowls: Embassy World Indoor Championship.

LONDON

9.30 am Schools Programmes. 12.00 Gideon. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. 2.45 The Racing Game. 3.45 In Loving Memory. 4.15 Dr. Snuggles. 4.20 Little House on the Prairie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Battlestar Galactica.
7.30 Bognor.
8.00 The Incredible Mr. Tanner.
8.30 TV Eye: If a Centre Party is launched will the public support it?
9.00 Hill Street Blues.
10.00 News.
10.30 Thames Report.
11.00 Camera.
11.30 Three's Company.
12.00 What the Papers Say.
12.15 am Close: "Sit Up and Listen" with Tony Lothian.

All IBA Regions as London except at the following times:—

ANGLIA

9.15 am Jobline (programme about job possibilities in East Anglia). 1.20 pm Anglia News. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 The Sand Barrier. 10.30 The Cambridge Debate: Sir Michael Edwardes of British Leyland proposes the motion that "Britain's free trade is not fair." 11.30 Kate Loves a Mystery. 12.25 am Christians in Action.

ATV

1.20 pm ATV News. 3.45 Leave it To Charlie. 4.20 Vic the Viking. 4.50 Little House on the Prairie. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 10.30 Here and Now. 11.30 ATV News. 11.35 Lou Grant.

BORDER

1.20 pm Border News. 4.20 Salvage 1. 5.15 The New Fred and Barney Show. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Benson. 11.00 It's a Musical World. 11.50 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where, and Weather. 6.00 Channel Report. 6.35 Crossroads. 7.00 Link Up. 10.28 Channel Late News. 10.36 Unforgettable. 11.30 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 4.20 Project UFO. 6.00 North Tonight. 6.35 Crossroads. 7.00 The Electric Theatre Show. 10.30 Cover to Cover. 11.30 Paris. 12.25 am North Headlines.

GRANADA

1.20 pm Granada Reports. †4.20 Movie Matinee: Paul Robeson in "King Solomon's Mines." 6.00 Granada Reports. 6.25 This Is Your Right. 6.30 Crossroads. 7.00 Emmerdale Farm. 10.30 Benson. 11.30 What the Papers Say. 11.50 Pans.

HTV

1.20 pm HTV News. 5.10 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.30 Happy Days. 7.00 Emmerdale Farm. 10.28 HTV News. 10.35 Your Chance: Women at Work. 11.05 SWAT.

HTV Cymru/Wales—As HTV West except: 9.30-9.45 am About Wales. 12.00-12.10 pm Owain A'r Olion. 4.15 Christopher Columbus (cartoon). 4.30 Take a Chance. 4.45 Sêr. 5.10-5.20 Cartoon. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Sports Arena. 10.35 Impromptu. 11.20-12.15 am SWAT.

SCOTTISH

1.20 pm News Headlines and Road and Weather Report. 3.45 Life Begins at Forty. 5.15 Pet Subject. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line: Appeal for voluntary drivers to help the old and the handicapped. 6.30 Nature Watch. 7.00 Emmerdale Farm. 10.30 In Concert: Colin Chisholm. 11.30 Late Call. 11.35 SWAT.

SOUTHERN

1.20 pm Southern News. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day By Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 10.30 Cross-Channel. 11.30 Father, Dear Father.

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 1.20 pm North-East News and Lookaround. 3.45 Father, Dear Father. 4.20 The Fantastic Four. 4.45 Tarzan. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North-East News. 10.32 Northern Scene (the second coming of coal-fired ships). 11.00 Come In If You Can Get In. 11.30 Soap. 12.00 Wholeness.

ULSTER

1.20 pm Lunchtime. 3.45 Life Begins at Forty. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.50 Police Six. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 10.30 Counterpoint. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Preview West. 10.32 Westward Late News. 10.36 Unforgettable. 11.30 Faith For Life. 11.35 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 3.45 Country Calendar. 4.20 Survival. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 With a Little Help. 11.30 George Hamilton IV.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Wheels with Dave Lee Travis. 8.00 Richard Skinner. 10.00-12.00 John Peel.

RADIO 2

5.00 am Bob Kilbey (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 David Hamilton (S). 2.00 pm Ed Stewart's Request Show (S). 4.00 Much More Music with David Symonds (S). 6.00 Steve Jones (S). 8.00 Country Club with Wally Whyton (S). 9.00 Alan Dell with The Big Band Sound (S). 9.55 Sports Desk. 10.00 A Very Private Man (S). 10.30 Star Sound Extra. 11.00 Brian Matthew with Round Midnight, including 12.00 News. 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Barber (S). 10.05 Maconchy and Brahms (S). 10.55 Ravel, Schubert and Chabrier (S). 1.40 City of Birmingham Symphony Orchestra (S). 1.00 pm News. 1.05 Manchester Midday Concert (S). 2.00 Handel (S). 4.00 Cello and Piano recital (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Talking About Music (S). 7.30 "The Caucasian Chalk Circle" play by Bertolt Brecht (S). 9.50 Gerard Souzay sings Fauré (S). 10.00 Patterson (S). 10.30 Words (talk by Rachel Trickett). 10.35 American Songs (S). 11.00 News. 11.05-11.15 Matyas Seiber (S).

VHF only—Open University: 5.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 Enterprise. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 File on 4. 11.50 Enquire Within. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1981 (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Fine Scroggi's Musical Alphabet. 4.15 Book-shelf. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Any Answers? 6.55 It's a Bargain. 7.00 News. 7.05 The Archers. 7.20 Time For Verse: Christina Rosetti. 7.30 Bournemouth Symphony Orchestra, part 1: Chopin (S). 8.10 On the Road with Sir John: Henry Donald recalls his days as an apprentice actor. 8.30 Bournemouth Symphony Orchestra, part 2. Tchaikovsky (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Tony Fish Total Music Show. 2.30 Tony Blackburn. 5.00 The News. 5.15 Music on the Move. 6.33 Openings. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from the House of Commons. 11.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM: Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Line. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 The London Interview. 5.00 Morning Music.

Capital Radio

6.30 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Graham Dene. 3.00 Roger Scott. 7.00 London Tonight. 9.00 Nicky Horne. 11.00 Tony Myatt's Late Show. 2.00 am Night Flight.

F.T. CROSSWORD PUZZLE No. 4,505

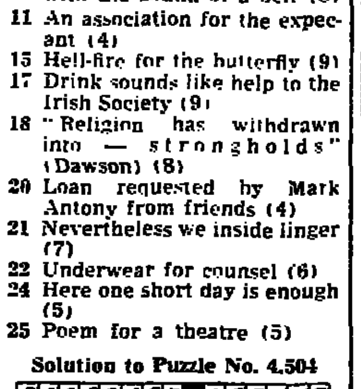
ACROSS

1 Seaside snack (8)
5 One who displays brief precipitation (6)
9 Difference of pitch gives us a break (8)
10 Declaim about the right shoot (6)
12 The world needs a change of heart (5)
13 It is nonsense to combat a spectacle in Spain (9)
14 Part of the body returned to the house (6)
16 Everyone is in favour of one kind of air travel (7)
19 An anchorite like Simeon (7)
21 Hyde upset always in full bloom (6)
23 After this there can be no endurance (4, 5)
25 Drink to a kingly return (5)
26 Military pageant by night—can you beat it! (6)
27 Catch up with finished collection (8)
28 Cleaner flies abroad when red (6)
29 Supports fraudulent dealing in British Steel (8)

DOWN

1 Group about to fix a musical instrument (6)
2 Yet no riot results in bad publicity (9)
3 "Slow rises—by poverty depressed" (Johnson) (5)
4 Mrs. Mopp takes in decoration of the room (7)
6 The better way to travel if all goes well (9)
7 Incorrect, but possibly grown out of it (5)
8 Going round—a cycle ends with the sound of a bell (8)
11 An association for the expectant (4)
15 Hell-fire for the butterfly (9)
17 Drink sounds like help to the Irish Society (9)
18 "Religion has withdrawn into — strongholds" (Dawson) (8)
20 Loan requested by Mark Antony from friends (4)
21 Nevertheless we inside linger (7)
22 Underwear for counsel (6)
24 Here one short day is enough (5)
25 Poem for a theatre (5)

Solution to Puzzle No. 4,504



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

EXHIBITIONS

ART GALLERIES

FINANCIAL TIMES
PUBLISHED IN LONDON & FRANKFURT

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).

University Great Hall, Reading

The Travelling Companion

As composer of much choral and instrumental music Charles Villiers Stanford, though relegated by current fashion to the lesser ranks of late 19th century composers, holds a secure place. But, unusually for a leading British musician and pedagogue of that period, Stanford loved and believed in opera. His opera class at the Royal College of Music was famous. He wrote knowledgeably on various aspects of the subject (including a "Defence" of Wagner and an account of the *Falstaff* premiere). Of his 10 operas *Shamus O'Brien* and *The Travelling Companion* still crop up occasionally.

The visit to Reading on Tuesday for the University Opera Society's *Travelling Companion* (completed in 1916, first performed a decade later, after Stanford's death), proved of greater worth than simply as an insight offered into the now somewhat obscure era of pre-Britten British opera. A well-made, honestly attractive piece was revealed.

The Andersen tale on which the opera is based echoes Gozzi's *Turandot*: a wandering romantic hero and a princess whose suitors must solve a riddle or face death are its essential ingredients. To them are added the hero's ghostly protector, a "companion" trailing an aura of Wagnerian metaphysics, a Klingsor-like wizard, a doddery king, and several light-hearted choral episodes for the populace. A prior perusal of libretto alone—by Henry Newbolt, a stiff mixture of pseudo-folkery and quaint mysticism—might suggest music of colourful chromatic idiom, fantastical and unstable, with *Parsifal* influences headily invoked. The surprise of the score is its blameless straightforwardness: the exotic finds little place in a vein of easy melodiousness that makes Puccini's *Turandot*, written less than a decade later, seem the last word in operatic experiment.

It is difficult to imagine a widespread revival in the fortunes of *The Travelling Companion*; its spiritual innocence, which affords some of its charm, must limit its appeal for modern audiences. The want of darker colours begins to tell most particularly in the Wizard's cave, where the ballet quickly outruns its interest. And yet, by this modest but well-intentioned performance, ample proof was supplied of Stanford's sterling virtues as a composer for the lyric stage. These include an ability to score clearly and vividly for simple forces, to write phrases that lie gratefully on English voices (the guileless hero, a tenor of baritonal weight, is a peculiarly local creation), to spin out whole scenes on dance-like rhythmic tags of a sometimes Brahmsian inventiveness.

A sincere recommendation of the remaining performances, on Friday and Saturday, need entail no patronage. The orchestra, under the very efficient guidance of a student, Mark Kesel, reflected credit on both Reading and Stanford (though for the *Parsifal*-style C major close the chimes were unforgiveably feeble).

No designer was credited in the programme—just as well, on the whole; John Stow's production did not always avoid needless awkwardness. Maureen Lehane, a mezzo-soprano as a soprano Princess, had at times to force; as ever, she was careful, intelligent, and tasteful. The tenor, Roy Hewlett, with a voice of the right kind well in tune and unselfconsciously used, made a sturdy impression.

MAX LOPPERT

Edinburgh Festival '81

The premiere, by the National Theatre, of a new Tom Stoppard play *On the Razzle* will be a highlight of the 1981 Edinburgh Festival, the provisional programme for which was announced yesterday. A production of *Cyrano de Bergerac* by a specially formed company led by Derek Jacobi will also be mounted and the Greek company Amphitheatre, which was due to appear last year, is also expected to perform. The full drama details will be announced in April.

In music the Cologne Opera and Cologne Opera Studio will present *Il barbiere di Siviglia* by Rossini; Mozart's *La clemenza di Tito* and Thea Musgrave's *The voice of Ariadne*, another premiere. Scottish Opera will mount three performances of Gay's *The Beggar's Opera*. Other music includes world premieres of works by John Tavener, Menotti, Simon Bainbridge and Stephen Oliver.

Cinema

Hard frost in Berlin

by NIGEL ANDREWS

The snow-clouds gathered over Germany, icicles hung from the Bierkellers, and freezing feet padded intrepidly from movie-house to movie-house in the 1981 Berlin Film Festival. It's a chill wind that blows nobody any good, and this year's Berlin programme came precious close to doing exactly that. Festival chief Moritz de Hadeln, helming his second Berlin *Filmfestspiele*, produced a Main Competition so severely frostbitten that one wondered, in the light of de Hadeln's excellent past record as head of Berlin (one year) and the Locarno festival (several), if mysterious administrative forces were tying his hands or *mysterious* bureaucratic torpedoes conspiring to scuttle the festival.

Is de Hadeln paying the price this year for the controversially adventurous way he opened out the festival last year—with special fringe events on everything from 3-D to homosexuality? Are his brave intentions being sabotaged, perhaps, by the anti-Berlin lobby now alleged to exist and to be urging the transfer of the festival to Munich?

Certainly it is hard to believe that de Hadeln himself plumped as first choices for such films as China's *Come Back, Swallow*, a potty soap-opera from the People's Republic, or West Germany's own *Erwin the Negro*, wherein director Herbert Achternbusch (who wrote Herzog's *Heart of Glass*), juggling with hippopotami and obscure Bavarian jokes, raised surreal non-sequitur to the level of sheer torture.

Even the star names among directors were no guarantee of quality this year. Claude Goretta's *La Provinciale* was a torpid town-mouse / country-mouse fable steering rural *ingénue* Nathalie Baye through the big-city iniquities of Paris life. Ttsk! tsk! we cry—or are urged to cry—as she is exploited by Men and Big Business and Sexual Rapacity. Manuel Guitierrez Aragon's *Maravillas*, from Spain, was a weird and far from wonderful fandango of surrealism and social satire. And in Mrinal Sen's *In Search of Famine* the fast-rising Indian director hits a snake rather than a ladder and fast-dives down to square one. Sen depicts a modern movie-crew setting up cameras in a remote village to make a film about the 1943 famine and finding the wounds of that era still open and smarting. Fine theme, but flabberghastingly dreary treatment, as we negotiate half-hearted improvisation, stillborn characterisation and endless bits of unresolved subplot that stick in the throat like chicken-bones.

More digestible—indeed the best competition film on view—was Rauni Mollberg's *Milka* from Finland. Mollberg's first feature was called *Earth Is A Sinful Song* and sang its way to a successful run in London. As in that movie, lowering Laps loom across the screen, warmed by slow fires of love, lust, jealousy and puritanism. Mollberg has taken a leaf, or possibly a whole tree, from his austere fellow-Scandinavian Carl Dreyer. The film is slow and religiose, but it's lit and paced hypnotically; and in a landscape not exactly bursting with varied iconography—silver birches, reindeer and log saunas about complete the picture—he creates a constantly shifting cyclorama of varied symbols and textures.

Largely, however, it was a relief to escape from the Zoo-Palast cinema, where the Main Competition unspooled, and to seek solace among the sideshow events with their less trumpeted but brighter treasures. This year's star attraction on the periphery was a survey of South-East Asian movies. The latter are not confined, as you might have supposed, to a dialectical diet of Kung Fu escapism and suffering-peasant realism. There are indeed thick-eared, pure-and-simple Karate romps, just as there are Third World rural threnodies set ankle-deep in rice-fields. But the best South-East Asia movies on show gave genre-labelling the slip and were their own resplendent, *sui generis* selves.

Allen Fong's *Father and Son* and Ann Hui's *The Spooky Bunch* are both from Hong Kong and both are real gems. Hui, whose kaleidoscopic murder-thriller *The Secret* graced last year's Edinburgh and London Film Festivals, has applied her darting dynamism of style to a ghost story. A Chinese Opera troupe that has seen better days plonks down its marquee, its costume trunks and its less-than-lustrous talents in a remote village. Sooner than you can say "*Kabuki*" they're being swarmed over by an army of ghosts, ancestrally related to the company's leading actress. Mass-murder will out—one of her forebears was an army officer, poisoned along with his whole platoon—and vengeance is at the top of the bill on the massacre's anniversary.

The film is sometimes macabre, more often hilariously sardonic as director Hui, cross-cutting the action like a speeded-up and spooked-out Nicolas Roeg, makes the quickness of the shenanigans deceive the eye. Spiced with Chinese Opera settings and costumes, the collage of colourful *grand guignol* is irresistible, and so are the running jokes: not least the regularity with which characters poo-poo the supernatural one moment and achieve vertical take-off the next when they're tapped on the shoulder by something insubstantial. It's a lightweight story given brilliantly wholehearted treatment.

Allen Fong's *Father and Son* is shorter on surface virtuosity, longer on luminous and haunting humanity. This first feature is a little miracle of miniaturist observation and understated compassion, as we follow the story of a boy growing up in shanty-town Hong Kong and living on the dangerous edge of delinquency. His breadwinning father, who has just failed promotion at his office, frets and frumps over his son's pranks, while the boy's playmates lure him on to ever-more-exotic misdemeanours from gatecrashing a cinema to setting his house on fire during an improvised slide-show (using a candle and rice-paper). The movie-fever motif is not accidental, for Fong's film is shadowily autobiographical. But the wonder of the movie is the perfect distance he finds from which to view the story: giving it a subtle warmth that is never maudlin, a clear-eyed detachment that is never clinically sociological.

With the South-East Asian cinema unveiling other riches—Patrick Tam's swashbuckling *The Sword*, Chatri C. Yukol's tough slice of city life *Citizen*—the message of the festival for cinephiles is clearly—Go East, Young Man. Certainly the hitherto fecund West gave us a barren harvest this year. America's sole representative in the Main Competition was the abysmal *Tribute*: (*Ordinary People* and *Raging Bull* were also shown at the Zoo-Palast, but out of competition). Britain had no competition movie at all; (but were somewhat consoled *hors concours* by a grand Michael Balcon retrospective, mastermind by the FT's very own Geoff Brown). France, Italy and West Germany all proffered official entries that sank without trace at their first launching.

Even the non-competitive "New German Cinema" section, which usually acts as midwife to squealing baby Fassbinders and infant Herzogs, oversaw few and uneventful births this year. Reinhard Hauff's *Slow Attack*, a pretentious crime thriller, should be attacked slowly with a rubber truncheon. Erwin Keusch's picaresque murder romp *As Far As The Eye Can See* has one or two bright moments of adventure and pop-Chabrol cynicism, but is overall a flimsy follow-up to his fine first feature *The Baker's Bread*. And Christel Buschmann's *Gibbi Westgermany* is a complete duffer: the Oedipus Complex goes punk as our leathery, wild-haired hero tries to sort out how he feels towards his cafe-running Jocasta of a mother.

Meanwhile—was there no end to the mad mockeries of fate at Berlin this year?—the new Fassbinder film was showing, not just out of competition but out of the whole festival, in two commercial cinemas on the Kurfurstendamm.

Lili Marleen knocks every other new European film seen at Berlin this year into a cocked *poodlemousse*. Fassbinder has built a *sturm und drang* romantic melodrama around the famous song that hopped between frontiers during World War Two. Fassbinder has borrowed a trait or two from Dietrich to characterise his fictional Nazi-era chanteuse who sings the song for the Third Reich. Played by Hanna Schygulla (of *The Marriage of Maria Braun*), this opportunist heroine rises on the stepping-stones of her hit song to the heights of National Socialist celebrity, her career only threatened by an incautious and near-tragic love affair with a Jewish composer (Giancarlo Giannini).

Seeing the film in un-subtitled German may be a case of ignorance-is-bliss. The movie was panned by the German critics and perhaps the dialogue and spoken sentiments, if understood more fully, would be found to fall far short of the images. But the images are out of this world. I doubt if I've seen such magnificent compositions, such a field-day of dramatic light-and-shade, such a crazy *floritura* of baroque detail, in any film made since *Citizen Kane*. And Fassbinder has the advantage over Welles of colour. The movie leaves one in no uncertainty that if Fassbinder hadn't been a great film director—which on this film's evidence he is strongly emerging as—he could have been a great painter. Let's hope that *Lili Marleen* comes to Britain soon, and we'll all discover whether it's a film that should be seen and not heard or a fully-operational, five-star masterpiece.

A scene from F ather and Son

Record Review

Rossini and Haydn

by RONALD CRICHTON

Rossini Guglielmo Tell. Freni, Pavarotti, Milnes, Ghiaurov/ Ambrosian Opera Chor./ National Philharmonic Orch./ Chailly. 4 records in box. Decca D219D4.

Rossini L'italiana in Algeri. Simionato, Sciutti, Valletti, Patri, Cortis/La Scala Orch. and Chor./Giulini. 2 records in sleeve. EMI mono RLS 747.

Haydn L'incontro improvviso. Zoghby, Marshall, Jones, Ahnsjö, Trimarchi, Luxon/ Lausanne Chamber Orch./ Dorati. 3 records in box. Philips 6769 040.

A few years ago EMI Angel issued a complete recording of Rossini's last and grandest opera in the original language, French — though for some reason they titled it in English, *William Tell*. Now, from Decca, comes a new recording in the Italian into which *Guillaume Tell* was very soon translated. Though French is preferable, the loss in translation is not as serious as it is with a later Parisian musical monument — Verdi's *Don Carlos*. And, though the EMI version (conducted by Gardelli, with Caballé, Gedda and Bacquier) had some superior singing, Decca's conductor Riccardo Chailly secures a much livelier all-round performance and is given much more spacious recording.

Some may even find Chailly too lively, inclined occasionally to bash on regardless. But the sense of physical enjoyment wins the day and should convert many normally intimidated by Rossini at his most elevated and bewildered by reversions to the old, light vein. Chailly has no difficulty in reconciling the two aspects. The opera is recorded virtually complete. It doesn't feel too long (hacking the score about in the opera house makes it seem longer). Note that the well-known pas-de-six in the first act is placed as an appendix on the last side.

The title-role of the legendary Swiss patriot is admirably taken by Sherill Milnes, vigorous, sincere, firm and lustrous of tone, dominating the recording as few baritones in this role dominate the stage, surrounded as they are by such an array of beefy chorus, snowy alps and high Cs. If only we could see this performance in the opera house! In some other leading roles, the old EMI set has the best of it. Decca's Arnold (the heroic tenor part which is one of the difficulties standing in the way of more frequent revival) is Pavarotti, who starts everything brightly and confidently but too seldom keeps it up. Compared with Gedda on EMI, whose voice, in itself is less remarkable, Pavarotti seems to have practically no idea of the style required. In a nutshell, Gedda sings as though he knows Martinelli's superb old records of the tenor-baritone duet and the male-voice trio (the one Offenbach wickedly sends up in *La Belle Hélène*). Pavarotti does not.

Mirella Freni sings Matilde, the Hapsburg princess who imprudently roams the Swiss forests alone and unattended. As ever, the voice is captivating, the manner appealing, but there isn't enough in reserve for these big dramatic roles. So much "all out" singing is nearly as exhausting for the listener as, no doubt, it is for the artist — little here of Caballé's breadth of phrase and casual grandeur. Yet Freni, consciously or unconsciously, somehow manages to persuade one that these remote, improbable heroines are credible by modern standards.

The little hero of the apple-shooting, Tell's son Jemmy, is sung by Della Jones with such vitality that one forgives one or two harsh top notes just out of range. As Edwige, Jemmy's mother and Tell's wife, Elizabeth Connell joins with fine effect in the noble last-act trio for women's voices that so strongly balances the earlier male one. Ghiaurov's now rugged tones are suitable for patriot Gualtiero (Walter). The Ambrosians respond brilliantly to the copious riches Rossini poured into the choral writing.

Giulini's famous old Scala recording of *L'italiana in Algeri* comes in a welcome re-issue with some passages not included before. The senior conductor seems almost solemn beside the ebullience of Chailly in *Tell*, yet every perfectly poised bar bespeaks love and admiration of the score. Player for player, the Scala orchestra may not have been as strong then as now, but the style is impeccable. Simionato's Isabella remains a lovely performance even for those who can't help hearing the inimitable Supervia through anyone else however good. Valletti (Lindoro) and Petri (Mustafa Bey) use not quite first-rate vocal equipment with charm and skill. I had forgotten the excellence of Marcello Cortis as Taddeo.

L'incontro improvviso, the latest addition to the Philips Haydn opera cycle, is a "Turkish" escape-and-clemency piece that came in 1775, about half-way between Gluck's *La Rencontre imprévue* which has more or less the same plot, and Mozart's *Entführung*. The adaptor of the Italian libretto (based on a French model) set by Haydn was Karl Friberth, chief tenor of the Esterháza company, who sang the role of Prince Ali himself, ensuring himself a fat part.

It is a now familiar fact that for all his genius Haydn lacked the theatre sense granted to many infinitely lesser composers. Most things — not all — are too long, the lack of pace and contrast is sometimes inept. Is this too severe? Entertainments at Esterháza no doubt went at a leisurely pace, Prince Nicholas liked silly jokes and in his genuine love of music may have welcomed the slow dramatic progress of his Kapellmeister's operas. There are outstanding numbers — a terzetto for women's voices full of lovely writing too fully developed for the situation, a cluster of arias for the Persian princess Rezia and her slaves Balkis and Dardane, a crisp and compact first act finale, a beautiful duet for Rezia and Ali in the mood of *Béatrice et Bénédict* — now and then in the Esterháza symphonies of the same period, a turn of phrase will suddenly and unaccountably remind one of Berlioz.

Dorati guides the performance with his customary sure hand, the Lausanne Chamber Orchestra sound richer than sometimes in the past. The two leads, Prince Ali and Princess Rezia, are competently but not very interestingly sung by Claes H. Ahnsjö and Linda Zoghby. He is dry but even, she has the more considerable voice but sometimes uses it pallidly. Margaret Marshall and Della Jones as the two slave girls have much more sparkle and spirit. Benjamin Luxon as a mendicant dervish and Domenico Trimarchi as Osmin do loyally by comic parts with lots of music, containing only a fraction of the musical character of Mozart's Osmin, so soon to be born.

Westminster Abbey

Sky by ANTONY THORNCROFT

Sky, sometimes known as a rock group but more realistically viewed as guitarist John Williams enjoying himself with friends, played a concert for Amnesty, the charity, at Westminster Abbey on Tuesday night. It was much more of a theatrical occasion than a musical experience, with the Abbey providing most of the memorable moments.

Even after 90 minutes there was a numbing excitement about it all, numb partly with the cold but mainly with the strangeness of sitting beneath marble statues of Gladstone and Disraeli, staring at medieval frescoes, gazing up at one of the finest roofs in the country, and continually aware of the TV cameras, the amplifiers, the monitors, the screens that had infiltrated the Abbey to ensure that the majority of the audience, unable to see the musicians, could somehow be kept in touch. The music was not very obtrusive.

But then *Sky* is neither fish nor fowl; too bland to be rock but playing around with some of the stock implements of rock. Kevin Peek on lead guitar played pastiche Pink Floyd for a few continuous seconds but for most of the time, as this group of experienced session musicians and solid professionals bent over their scores, it was all too like the younger members of the LSO letting their hair down after a particularly hard evening at the Mahler.

The obvious debts to the classical tradition, Handel's "Saraband," which must have stirred his adjacent bones, and Bach's "Toccata and Fugue" were performed too reverentially, and many of the band's own compositions sound like nowhere music, a string of notes with no purpose but to fill up silence. It is the complete absence of any emotional content which is most unsettling. Even the special effects lack conviction—it was not quite clear whether the haze that was caught by the spotlights was a modest use of dry ice or just the dust of centuries.

But this kind of powder puff rock has a loyal following, and the band looked as relaxed as they were wholesome. More might be expected of bass player Herbie Flowers who in a past existence was a top rock bassist but John Williams merged his virtuosity in some closely knit ensemble playing. This restrained performance of ersatz rock was probably about as much as the Abbey can take: in its monumental splendour anything too human, too challenging, would have jarred.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1979							
3rd qtr.	112.7	103.2	101	106.6	149.6	1,269	247
4th qtr.	112.6	104.2	101	109.1	185.9	1,286	230
1980							
1st qtr.	110.0	100.1	100	110.2	158.6	1,379	193
2nd qtr.	106.6	96.8	97	109.2	164.3	1,492	160
3rd qtr.	102.7	93.3	84	108.9	170.3	1,695	120
4th qtr.	100.6	89.8		109.5	205.2	2,018	100
April	106.7	97.7	92	109.6	163.7	1,458	169
May	106.5	96.5	93	108.4	161.3	1,484	163
June	106.6	96.3	107	109.5	167.1	1,535	147
July	104.8	95.2	87	108.5	172.8	1,606	126
Aug.	102.3	93.0	92	109.6	167.6	1,696	120
Sept.	101.0	91.5	74	108.5	170.4	1,784	113
Oct.	100.8	90.6	76	109.7	179.1	1,893	100
Nov.	100.8	90.0	86	109.2	192.8	2,028	97
Dec.	100.2	88.9		108.4	236.0	2,133	102
1981							
Jan.				111.5		2,235	103
Feb.						2,313	96

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
3rd qtr.	105.6	96.4	132.5	95.0	105.1	100.2	21.0
4th qtr.	105.4	101.1	129.6	99.2	103.4	96.4	18.1
1980							
1st qtr.	104.6	100.9	123.4	98.8	56.4	92.2	12.3
2nd qtr.	98.2	96.2	123.2	93.2	93.7	85.6	16.0
3rd qtr.	97.0	94.7	117.3	91.3	78.0	82.8	12.4
4th qtr.	93.9	91.9	116.8	86.9	70.3	76.0	
April	99.0	97.0	122.0	94.0	89.0	88.0	15.0
May	97.0	96.0	124.0	93.0	99.0	84.0	16.7
June	98.0	95.0	124.0	93.0	94.0	85.0	16.4
July	99.0	96.0	121.0	93.0	81.0	85.0	13.6
Aug.	97.0	95.0	116.0	91.0	80.0	84.0	10.9
Sept.	95.0	94.0	114.0	90.0	73.0	79.0	12.7
Oct.	95.0	93.0	116.0	88.0	67.0	76.0	11.7
Nov.	94.0	92.0	118.0	87.0	74.0	77.0	10.9
Dec.	93.0	91.0	117.0	86.0	70.0	75.0	7.4

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
3rd qtr.	129.9	132.5	−762	−210	−172	106.5	23.18
4th qtr.	129.8	132.6	−775	−579	−152	103.5	22.54
1980							
1st qtr.	133.1	126.9	−388	+ 54	− 95	101.0	24.87
2nd qtr.	126.1	126.2	−320	−122	− 11	103.4	28.15
3rd qtr.	125.2	118.7	+616	+918	+157	105.3	28.08
4th qtr.	126.7	112.0	+1,266	+1,566	+222	105.6	27.90
May	129.8	120.8	− 1	+ 77	− 25	102.0	28.28
June	128.9	124.2	+ 15	+ 81	− 23	103.8	28.17
July	128.6	117.1	+303	+403	+ 98	104.3	28.27
Aug.	123.8	120.5	− 29	+ 72	+ 23	106.0	28.29
Sept.	131.9	114.8	+344	+445	+ 39	105.3	27.64
Oct.	124.8	106.5	+476	+576	+133	105.4	28.03
Nov.	129.6	114.9	+423	+523	+ 54	106.0	28.19
Dec.	125.8	114.7	+367	+467	+ 35	105.5	27.48
1981							
Jan.	123.9	100.9	+757	+957	+210	106.4	28.39

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
3rd qtr.	12.0	11.3	13.2	+3,642	933	1,875	14
4th qtr.	14.4	15.6	22.6	+2,977	839	1,959	14
1980							
1st qtr.	− 4.0	7.2	21.9	+1,725	634	2,049	17
2nd qtr.	− 1.5	10.7	23.3	+3,219	697	1,964	17
3rd qtr.	14.4	39.1	45.2	+6,511	1,090	1,933	16
4th qtr.	8.4	21.0	11.2	+3,505	1,253	1,790	15
April	− 4.0	5.9	18.8	+ 701	266	682	17
May	4.0	12.6	21.8	+1,149	225	607	17
June	− 4.9	13.7	28.8	+1,369	206	675	17
July	11.7	36.5	50.8	+3,469	340	663	16
Aug.	11.2	40.8	46.4	+2,039	307	613	16
Sept.	20.5	39.3	38.7	+1,003	443	657	16
Oct.	5.5	23.3	19.3	+1,186	520	629	16
Nov.	7.7	19.1	7.7	+1,450	285	558	14
Dec.	10.6	19.2	7.0	+ 869	448	603	14
1981							
Jan.	9.8	13.4	10.1	+ 634			14

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	68.8
1980							
1st qtr.	167.7	197.2	191.4	248.8	247.5	284.47	72.4
2nd qtr.	178.9	201.3	199.0	263.2	255.9	267.45	73.8
3rd qtr.	188.4	201.9	203.6	268.9	259.3	275.13	75.6
4th qtr.	193.2	203.4	206.1	273.9	260.7	269.25	78.5
May	178.1	200.4	199.0	263.2	255.7	268.23	74.3
June	183.7	201.1	201.0	265.7	257.9	267.45	74.4
July	185.1	201.7	202.7	267.9	259.9	273.57	74.7
Aug.	186.5	201.8	203.5	268.5	259.0	275.38	76.2
Sept.	193.6	202.1	204.6	270.2	259.0	276.44	76.0
Oct.	189.9	201.4	205.3	271.9	259.3	274.65	79.2
Nov.	192.6	203.4	206.2	274.1	260.0	270.56	77.5
Dec.	197.2	205.3	206.8	275.6	262.7	262.53	78.7
1981							
Jan.		210.6	209.6	277.3	266.7	251.88	81.1

* Not seasonally adjusted.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000
Thursday February 26 1981

A pay demand or a ransom

THE ELEVENTH HOUR increase in the water workers' pay offer, coming so soon after the Government's surrender to the coal miners, will no doubt be interpreted in some quarters as a further sign that the Government has lost its nerve in dealing with powerful public sector unions. But important distinctions between the two cases must be recognised.

Market forces

The handling of the pit closures issue was in direct conflict with the Government's intention of bringing market forces to bear on industrial relations. The water industry's pay negotiations, on the other hand, were intrinsically not susceptible to a purely market solution. A political judgment about industrial power, the state of public opinion and the effect of a strike on society at large had inevitably to be made because of the very nature of the water industry. The fact that water workers are being offered a pay increase well above the 6 per cent cash limit for other public sector workers, is not in itself inconsistent with the Government's general approach to pay and industrial relations.

There are two important differences between water-workers and the vast majority of other public sector employees. Firstly, their services are genuinely indispensable to a civilised society. A disruption of water supplies and sewerage, either nationally or even in a single locality, would cause great inconvenience and hardship. A lengthy strike could create havoc. Secondly, the water industry is a monopoly, whose product has no close substitutes.

Neither of these characteristics necessarily applies to the miners. Firstly, the miners' power to disrupt society stems not from the work they do—or refuse to do—in their own industry, but from their presumed ability to interfere with the operation of another industry—electricity. Secondly, the coal industry is only a monopoly because of the historical accident of nationalisation. Even then, it is a monopoly which in principle could be decentralised into more competitive units. Even without decentralisation, the coal industry's prices are largely determined not by its own monopoly power, but by the world market in all kinds of energy sources. If the coal-mining industry is allowed to operate as a state within a state, this is not because of its importance, but because of successive governments' inability to defy the collective will of a small but determined special interest group.

In the water industry, no such challenge to democracy has been posed. The industry's problem is simply that the ultimate sanctions of collective bargaining—the strike and the lockout—carry immense responsibilities and risks, while the market gives only a very imperfect indication of what the appropriate level of wages and prices might be.

This does not mean that the water industry's pay negotiators can ignore entirely the market-determined wages of other workers or the balance of labour supply and demand in their own industry. Nor does it imply that the Government and employers must inevitably cave in if threatened with a strike.

No-strike deals

In their election manifesto the Conservative Party suggested negotiating no-strike agreements with certain key workers in the public sector, presumably in exchange for concessions on pay. The experience of other countries and the recent problems with the firemen in Britain raises doubts about the likelihood of either side keeping its side of such a bargain at all times. Nevertheless, there may be scope for further exploration of this approach.

In the end, however, there can be no substitute for skilful bargaining and a degree of common sense on both sides, buttressed by the force of public opinion. To harness public opinion, as well as to protect its broader economic policies, the Government must make it quite clear why certain key groups of workers, who unavoidably have the power to hold the nation to ransom, are accorded special treatment and there should be no attempt to conceal how much such special treatment costs. In the longer-term it must seek policies which will cut down to an irreducible minimum the number of such groups.

Curbing the EEC steel subsidies

THE PRESSURES which forced the British Government to provide British Steel with another £4bn in aid are only one example of the forces which the European Community's steel policy must now contain. Recession, unemployment and the apparent helplessness of today's economic policies against either, form a poor background against which member states must redouble their efforts to restructure the European steel industry. "Restructure" is only a polite word for a drastic pruning of steel output and, above all, of steel jobs.

'Manifest crisis'

The ten Industry Ministers meet on March 3 to discuss how best to continue with this grim business. In particular they will have to discuss whether, and on what conditions, to persist with the mandatory steel production curbs which expire on June 30.

The commission persuaded the council of ministers to introduce the curbs last October on the basis of a "manifest crisis" in the industry.

The problem remains manifest indeed. Despite shedding some 190,000 jobs between 1975 and 1980 the European steel industry, with its 605,000 remaining employees, still has a large excess of capacity. In 1980 the industry could have produced over 200m metric tons of steel: in the event, it produced 128m tons. It was this degree of overcapacity which made, and which still makes, a voluntary programme of self-restraint unworkable and which led to the bureaucratic rigidities of the imposed curbs.

The rationing of output has stabilised prices of basic steel products and has even inched them up somewhat. Nevertheless, a comparison of international steel prices early in 1981 points to a painful paradox. In Japan, where the steel industry is relatively efficient in its use of energy and manpower, domestic prices are approximately one-third *higher* for basic steel products than those being charged in Europe, where a relatively inefficient industry is being subsidised by government to produce steel at a loss.

West Germany, whose steel industry is both efficient and thinly subsidised when compared with its European competitors, is anxious that the mandatory constraints be removed at the end of June and that the practice of providing state aid to support inefficient steel production be ended.

Such a course could well backfire against the Germans. The same forces which have bent the steel principles of Mrs. Thatcher in the UK are still more potent in Belgium, where the steel industry is particularly outdated and important to that country's employment. In Italy, the holding back of aid to Italsider, with its 40,000 employees, has now become an issue which threatens the governing coalition.

While such a surplus of European plant exists any relaxation of the mandatory curbs will lead to a damaging downward spiral in prices forcing another upward spiral in government aid. Such a price war could also threaten European free trade in steel; already an Italian move to reduce the number of customs posts accepting steel imports has provided a first signpost to this slippery slope.

Yet it is vital that any extension of the regime of "manifest crisis" be used to push forward still more forcefully with the restructing of industry and not as an excuse to do too little for a little longer. In particular this means a crackdown on the government aid which lies at the root of the European industry's inefficiency and overcapacity.

Vetting

For the past year the Brussels Commission has had the right to hear about all government aid and to criticise such aid when it has added to steel-making capacity. But governments have told the commission too reluctantly and too late for this vetting to have much effect.

To justify an extension of the production curbs the Industry Ministers must commit themselves wholeheartedly to the commission's monitoring of their aid. The commission will thus be well placed to discourage aid which increases output or subsidises inefficient production and to support aid which reduces steel production and increases efficiency. More use could also be made of the EEC regional fund to meet the social costs of such a course.

The underlying aim must be to restore unsubsidised reality to the steel market so that commercial decision taking can reassert itself.

FOREIGN AFFAIRS

The schizophrenic Alliance

The old relationship between a dominant America and a semi-passive Europe no longer works. But what should take its place? Today the directors of the West's four leading foreign policy institutes publish a joint report which suggests that Europe must do more to defend its interests.

IN 1958, shortly after his return to power, General de Gaulle proposed that Britain and the United States should jointly form a political directorate with France to take charge of the West's global strategy. The proposal, briskly rejected by Harold Macmillan and President Eisenhower, died the death. For the next 10 years, de Gaulle conducted an unremitting campaign of diplomatic and economic terrorism against *les anglo-saxons*, reaching its apogee in the withdrawal, in the mid-60s, of France from the joint defence arrangements of NATO. The Atlantic Alliance seemed shaken to its foundations.

Today, the Alliance is once more in a bad way, though for very different reasons. France is no longer the primary problem: under Pompidou and Giscard, it has discarded de Gaulle's nuclear strategy in almost every respect. It has largely abandoned the "insular" doctrince of France as a sanctuary within Western Europe, and discreet co-operation with the rest of NATO is no longer taboo. Instead, the Alliance is beset by multiple internal stresses and multiple external dangers. The internal stresses arise because the Europeans cannot see eye-to-eye with the Americans (nor, as often as not, with each other) over what to do about the external dangers: the Soviet arms build-up in general, and the new generation of Soviet nuclear missiles aimed at Western Europe in particular; Poland; the Iran-Iraq war; the security of oil supplies from the Gulf; the Soviet invasion of Afghanistan.

After four months of quiescence during the Carter-Reagan transition, these internal stresses have abruptly resurfaced with the recent speech by Mr. Frank Carlucci, U.S. Deputy Defence Secretary, in which he warned that his country could not be expected to strengthen its forces in Europe unless the Europeans made a bigger contribution, too.

The external dangers seemed most acute last summer, when the eruption of political strikes in Poland coincided with the outbreak of war in the Gulf, and there was a lot of talk about the danger of World War III. When international anxiety was at its height, a certain Winston Lord, in New York, had the idea that he and three Europeans should write a joint report which would attempt to grapple with the external dangers and the internal crisis facing the West.

What made this a rather unusual enterprise was that Lord and his chosen co-authors were the directors of the four leading foreign policy institutes in the West. Lord is president of the Council on Foreign Relations; David Watt is director of its twin, the Royal Institute of International Affairs in London; Karl Kaiser is director of the German Foreign Policy Institute in Bonn; and Thierry de Montbrial is director of the French Institute for International Relations in Paris. No such joint policy statement had been embarked on before, and it is a measure of the seriousness with which they regarded the international situation that all four agreed to try to sink their inevitable national differences.

They had originally hoped to get their report out in time for Inauguration Day, so as to give the Reagan Administration something to think about. In the event, agreement on the text took rather longer. Still it is not inappropriate that it should be published on the day that Mrs. Thatcher and Lord Carrington start their visit to Washington. With any luck, Chatham House will have made certain that both had copies of the report to read on their flight, while the CFR will similarly have favoured Ronald Reagan and Alexander Haig.

I say "with any luck," because what the four authors have produced is a rather remarkable document.* There were times when it seemed doubtful whether the enterprise was likly to justify the effort. The directors had no difficulty in agreeing that the situation was extremely serious and dangerous, but a consensus on formulating any policy proposals worth publishing was, inevitably, more elusive. It was occasionally dispiriting to observe that even the outside advisers to the group seemed to conform to national stereotypes: the French gave elegant renditions of neo-Gaullist themes, the Germans agonised over detente and defence, the Americans echoed the militaristic and nationalistic mood of Reagan's America, and the British worried about money. But in the end they did manage to agree on a wide-ranging series of conclusions and recommendations which, cumulatively, add up to a re-think of the appropriate relationship between the U.S. and its allies.

Their central conclusion is that the old relationship, between a dominant America and a semi-passive Europe, no longer works. This is partly because American power has declined in relative terms, economically vis-a-vis Western Europe, militarily vis-a-vis the Soviet Union; and partly because Europe and America are now profoundly vulnerable to threats from outside the NATO area, most obviously in the Middle East, to which existing Western institutions offer no ready-made answer.

The inescapable consequences of such conclusions are that the Europeans must do more in the defence of common interests than they have done hitherto, and that we need new institutions to handle the new situation. The report acknowledges that the European end of NATO has been increasing its defence spending in real terms over the past decade, whereas the U.S. in the pre-Reagan era has been moving in the opposite direction, in the wind-down after Vietnam. But in terms of share of GNP, the Americans are still spending much more than Europe on defence, and this is neither equitable nor rational in relation to Europe's defence needs, or its economic resources.

Above all, says the report, Europe must make a bigger contribution to the defence of its interests outside the NATO area,—notably in the Gulf region. It rebuts the vulgar notion, common in the U.S., that American defence preparations in the Middle East, such as the largely hypothetical Rapid Deployment Force, are being paid for by U.S. taxpayers to protect "Europe's oil," as if America would remain unaffected by the loss of the Gulf. Even so, Europe must do more outside Europe.

No-one suggested that NATO should change its charter to include the Middle East, because this would be far too tiresome to get through 15 parliaments. But everyone agreed that Europe must contribute to a military capability for defending Gulf interests, directly or indirectly; the Americans because this would help legitimise their own militarism, the Europeans because this would provide the lever for restraining American militarism.

So far so good, and so far not very different from what is happening already. The British have some chaps in Oman, the French in Djibouti, and the two together have naval forces in the gulf of Oman which are not ridiculous compared with those of the U.S. The key question is that of strategy and of institutions, and this is where the report contains the seeds of some radical thinking—seeds which have not, for national reasons, fully germinated in the text which is published.

The heart of the matter is this: the dangers facing the West are so complex, so multifarious, and so interlocked, and America is so relatively weak compared, say, with its international position in 1950, that it cannot any longer operate an autonomous foreign policy on the major issues which affect its allies. Nor, given the gut reactions which Europeans ascribe to the Reagan Administration, would they want it to try. On the contrary, the primary objective of every European government must be to attempt to restrain Washington from reaching for some lethal chunks of hardware whose deployment in the Middle East would be at least as destabilising to the fragile local states as it might, conceivably, be frightening to the Russians.

The new bargain proposed in the four directors' report is that a bigger European defence commitment in the Middle East would be a *quid pro quo* for a much bigger role in the upstream formulation of American policy. And the mechanism for this bigger role is a new institution, which would be composed of those countries which are *both* primarily concerned with those major problems facing the West, *and* are prepared to make a contribution to their solution right across the board. Predictably, this group of countries should include America, Britain, France, Germany—and (less predictably) Japan.

The primary criticism which can be directed against this central thrust of the report is that, while it goes unfashionably far, it nevertheless fails to draw the conclusions of its own analysis. It proposes that a "principal nations" group should be set up, always including the five countries mentioned, but with the inclusion of other countries as warranted by the eruption of brush-fire situations round the world; and that the function of this (or these) group(s) should be the monitoring or management of such crises.

The problem is that the report is schizophrenic about the real function of the "principal nations" concept. The logic of the analysis would seem to dictate a concept analogous to General de Gaulle's *directoire*, whose purpose would be the joint formulation of international strategy. But the recommendation as set out in the text implies a much looser arrangement, in which consultation would be designed to improve the West's ability to fight the Russians wherever they may pop up.

The reason is obvious: Americans still yearn for the good old days, and in addition they may feel it is impolitic in Reagan's America to state too clearly the limitations on American autonomy. For the same reason, the report is pretty hawkish on all questions of defence spending, though it also has some constructive things to say about arms control.

But the net result of the schizophrenia is that we are asked to believe that the crisis in the Alliance can be resolved, and the dangers threatening it tackled, by the invocation of that faithful old will o' the wisp, *consultation*. Of course, consultation could make a big difference to transatlantic relations but as Mr. Carlucci has admitted, in the past it has usually happened *after* national decisions are taken, and then it takes the form of persuasion.

Moreover, the report fails to give adequate recognition to the degree to which our foreign policy problems are embedded in economic problems; the authors pay lip-service to the gravity of the economic crisis, before briskly asserting that their main concern will be with security issues. Yet it is obvious that the West might do as much for the security of its oil supplies by making a concerted attempt to grapple with the problems created by the Arabian surpluses as by preparing to fight the Russians in Iran.

There are other criticisms one could make. The report sits firmly on the fence on the Israeli issue, and refrains from any suggestion that perhaps the time has come for France to return to NATO. But I don't want to be too beastly. After all, if their governments were to adopt all the recommendations of the four directors, the outlook would be much improved. But as in the report, so in real life: the real problem will be the Americans. Unless, of course, you happen to be American; then the real problem will be the Europeans.

Either way the Americans cannot look to an improvement in relations with Europe if they make El Salvador, or places like it, a litmus test for Western foreign policy.

**Western Security: What has changed? What should be done? Royal Institute of International Affairs, 10 St. James's Square, W1. 30p (to cover postage).*

Ian Davidson

DETAILED PROPOSALS

New mechanisms for collective decision-making:

- **Principal nations group (U.S., UK, France, Germany, Japan) to co-ordinate and implement security policy outside NATO area, starting with Middle East; regular consultation and contingency planning; some joint military capability in Mid-East.**
- **Annual seven-nation economic summits (the Five, plus Italy and Canada) to be strengthened, perhaps prepared by permanent secretariat.**

Defence improvements:

- **The U.S. to maintain the strategic nuclear balance, strengthen its capability for world-wide military intervention, and pursue the SALT process in dialogue with the Soviet Union.**
- **NATO to stick to pledge of 3 per cent real annual growth in defence spending, but also to review in depth all aspects of its defence posture.**
- **NATO to pursue modernisation of theatre nuclear weapons in Europe in tandem with East-West negotiations on TNF.**
- **The West to review all aspects of East-West trade and its implications.**

Security in the Third World:

- **Europe and the U.S. to agree on contributions to joint military capability to resist Soviet expansionism outside the NATO area.**
- **Common policies on diplomatic, economic and aid fronts to balance military strategy in Middle East.**

MEN AND MATTERS

Pilgrims' Progress

Whether the Right-wing rhetoric now to be heard on both sides of the Atlantic constitutes a progressive alliance or a suicide pact depends, I suppose, upon your point of view. Either way, Margaret Thatcher's visit to the United States should allow a fair amount of mutual back-scratching with President Ronald Reagan—though, with an eye to the industrial effects felt in this country, at least some of the Americans may be doing their scratching at arm's length.

Apart from her talks with the American leader, Mrs. Thatcher will visit Washington's Georgetown University to receive an honorary Doctor of Laws degree and to give the second in her planned trilogy of speeches which started with the Pilgrims' dinner in London last month.

Georgetown is a small, pleasant place which languished in relative obscurity until a couple of years ago. Its recent prominence derives in part from its reputation as a Conservative think-tank, breeding intellectual fodder for the new Administration. Its affiliate, the Centre for Strategic and International Studies, is a well-known hawks' nest. Jeane Kirkpatrick, the new UN ambassador, was a Georgetown professor.

But the principal cause of the university's rise has been 6ft 10in John Thompson, who has coached its basketball team to fabulous success without the vast financial inducements which the larger universities customarily lavish on their sports programmes. So good is Georgetown now that it has pulled this year's top-rated high school player.

"If only we could persuade them to use steel for the commemorative mugs, plates, coins and medals."

Good companions

The social centrepieces of Mrs. Thatcher's four-day visit will be dinner in the White House tomorrow night, with a return match at the British Embassy on Friday. The latter event will be the first visit by a President to the Lutyens house on Massachussetts Avenue since Gerald Ford ambled over to greet the Queen in 1976. At the White House, the Reagans will offer the Dance Theatre of Harlem as post-prandial entertainment. It is not known with what, apart from a little social dancing, the British will reciprocate.

White House hospitality has perked up with the arrival of the Californians, who in contrast to their predecessors offer hard liquor to their guests. On home ground, the Thatchers need have no qualms about the quality of the food. Lady Henderson, wife of ambassador Sir Nico, is renowned for the excellence of her table.

Denis Thatcher will, of course, be for the most part tagging faithfully along behind his wife. A week of wet weather along the east coast probably precludes his favourite pastime, golf, but he plans a visit to an ICI plant in Delaware and a Civil War battlefield at Bull Run, outside Washington.

The recently announced splicing of Prince Charles and Lady Diana Spencer lends timely sparkle to the British visit. The American fondness for royalty has prompted media coverage of the royal engagement every bit as exhaustive as that enjoyed at home. It would be out of place, however, to speculate that the presence of daughter Carol Thatcher in the party could presage a union of political dynasties. Neither of the Presidential sons is open to offers—the younger, Ron, the ballet dancer, tied the knot just a couple of months.

Man of mettle

Quite what place British Steel chairman Ian MacGregor will be accorded in Britain's industrial pantheon is still a matter of conjecture. "The world is not forgiving to those who are not competitive," he has said—and BSC's corporate plan hardly looks yet like a guarantee of personal absolution.

Sir Keith Joseph, in fact, is to set up a panel of judges shortly to monitor and assess MacGregor's performance during his three-year stint. On its conclusions rests not only his reputation here but how much of his £1.75m "transfer fee" the Government will pay Lazard Freres.

But if there are rather more doubts in Westminster now about Sir Keith's initial rating of MacGregor—"the best man available in the world"—they are not shared in the U.S.

The 69-year-old BSC boss was being ranked in Chicago last night alongside such giants of the past as Alexander Graham Bell, Thomas Edison, Orville Wright and Guglielmo Marconi. All are previous recipients of the John Fritz gold medal for notable scientific or industrial achievement which has been awarded this year to MacGregor.

Named after one of the pioneers of America's iron and steel industry, the medal was conferred on MacGregor by the nation's engineers for "his distinguished leadership of the American mining industry, his unceasing contributions to international business, and his constant pursuit of excellence in all things."

Writing out

As the winter winds still blow cold down Lime Street, no doubt a few of his colleagues will look with envy at the departing heels of Alan Teale, who leaves the British Insurance Brokers' Association to join the nascent Florida insurance market which hopes to become the orange state's answer to Lloyd's.

Like the earlier New York Insurance Exchange, the Florida venture is conceived in the Lloyd's image, but plans to realise it more precisely. It opens in summer next year, looking for a premium capacity of up to \$500m. Teale, formerly BIBA's technical director, "will be doing a lot of pick and shovel work on the organisation," says W. Dana Roehrig, interim chairman of the Florida Exchange's board of governors.

Teale is an old Lloyd's hand, with a 28-year association dating back to his early working life in the Corporation's foreign legislation department. Roehrig reckons on harnessing more Lloyd's experience. "I am sure," he promises, "that we will want to recruit Lloyd's underwriters. Our country has limited international underwriting expertise." If the salaries are right, more than a few yellowing curricula vitae and bottles of Ambre Solaire could get a dusting-off in the green belt.

Sunny prospects

One of the brightest members of President Reagan's new economic team is the young "supply side" economist Miss Rosi Scenario.

Observer

How to get the best from North Sea oil

IN HIS address last Monday to the Institute of Fiscal Studies, Mr. Roy Jenkins made a suggestion for ending the sterile debate about "monetarism." Both monetary and fiscal policy, he said, are means of controlling total spending—money GDP to the statisticians, "nominal national income" to the Americans, and MV, or money times velocity, to the theorist. But in plain English it is total spending: and if we focus on that it is possible for the non-City public to avoid arcane disputes about how exactly money is to be measured or controlled.

This suggestion may well be worth more than the whole massive tome being prepared by Mr. du Cann's Treasury Committee for next week. Of course it does not answer the $64,000 question of what targets to set for total spending and how to reverse the tendency for a given degree of spending growth to be absorbed "more in price than in output increases." I hope to come back to Mr. Jenkins's and other people's ideas on these subjects next week when I shall discuss the Social Democrats.

Today, however, I want to defuse another controversy, the one about North Sea oil, which is having an important effect on the structure of the balance of payments and on the exchange rate, despite the fashionable attempts to downgrade it.

The question is: Can any sensible action be taken to preserve the UK's future earnings ability when North Sea oil dwindles, and to avoid destroying industrial capacity which will still be needed (which is by no means all or even most of the capacity at present in existence)? But above all, can this be done without a specific target for the exchange rate?

The most worrying sign on the British economic horizon is not the coal surrender (which was but a replay of the old Ezra-Gormley-Prior saga), but the disquieting signs of a shift from a monetary to an exchange rate target and the misuse of interest rates to lever the pound downwards.

ROY JENKINS: some interesting suggestions

For, so far, not one word has been written or said which suggests that Sir Michael Edwardes, Mr. Gordon Richardson, Mr. Roy Jenkins, or even the newly-discovered guru, Professor Jurg Niehans has the faintest idea of what the correct rate for sterling is, or how much it has been affected by oil, "overshooting" or anything else. By trumpeting his views that sterling is overvalued (or was before he started uttering), Professor Alan Walters is innocently walking into the trap set by those at the Bank of England who want to fix the exchange rate and see Britain inside the European Monetary System.

There is, nevertheless, something that can be done which will reduce the pressure on manufacturing and lower the exchange rate, compared with what it would otherwise be, without the slightest need to abandon monetary targets or for anyone to take a view on what the correct exchange rate should be.

The key is the need to reinvest a part of the gain in real income associated with North Sea oil. It would be irrational to reinvest all the gain and have no benefit now. *The correct approach is to reinvest enough of the revenues to transform the remainder from a windfall gain into a permanent increase in the national income.* In his famous IFS study on "The Economic Implications of North Sea Oil Revenue," John Kay argued that, if a real return of 3 per cent could be obtained on investment, UK citizens could consume half of the gain, invest the rest, and maintain the boost to consumption levels indefinitely.

Where should this extra investment be made? The TUC, CBI, and all too many members of the Cabinet would say "manufacturing industry," oblivious of the fact that investment is valueless without a return. If half of North Sea revenues were channelled into manufacturing, this would double the present amount of investment in that sector. Even if everything else were equal an expansion of that order would run into rapidly diminishing and probably negative returns.

But other things are not equal. First, there has been a long-term shift of the working *population out of manufacturing* in most advanced countries (deindustrialisation, if you like). Second, the replacement of oil imports by North Sea products is bound as a matter of arithmetic to lead—at given *levels of employment and* activity—to a shift of resources from net exports to the home market. As home demand is much less directed to manufacturing than is net export demand the result will be a shift away from manufacturing — however many billions of times this is denied. Thirdly, a great deal of manufacturing is already unprofitable, even without North Sea oil effects.

If oil revenues were forcibly channelled into manufacturing investment, the result would be what the Italians have called in another context "cathedrals in the desert," or in British terms ever more *British Steels and British Leylands.*

There may be a case for boosting investment in services such as public transport and communications and the infrastructure generally, as Mr. Jenkins *suggested. But because of the* great difficulty of estimating real returns in this area, and the amount of wishful thinking and special pleading by public sector monopolies, it would be best to regard such investment as a *normal call on a potentially* higher real national income rather than as a specific response to the North Sea.

SCHEMATIC BALANCE OF PAYMENTS

(£bn per annum)

	Now	Recovery on unchanged policies	Recovery with offiicial overseas investment fund
Exports (including net invisibles)	50	50	55
Imports	42	47	47
Current balance	+8	+3	+8
Used for:			
Net private accumulation of overseas assets	8	3	3
Net official accumulation of overseas assets	—	—	5

The recession has depressed imports and led to a large current surplus reflected in large net private accumulation of overseas assets, such as holdings of non-sterling currency deposits. Recovery on unchanged policies could lead to higher imports accompanied by lower private accumulation on such assets. The official portfolio purchases, suggested in this article, would ensure that overseas assets continued to acculate. The real exchange rate would then have to move in such a way as to generate a larger current surplus, and therefore larger net exports than would otherwise occur.

The best way to make sure of a continuing income stream in the post-North Sea area is by overseas investment. This follows from the simple fact that any outflow from the UK will be a tiny proportion of total world investment and will not face the diminishing returns problem.

It is wrong to suppose that channelling North Sea revenues into overseas investment will be at the expense of the domestic variety. The fallacy is that of assuming there is a fixed "lump of investment," so that more abroad means less at home.

In fact the purchase of foreign assets is a positive stimulus to industrial investment. If the oil account and the capital account are both in balance, so must be the non-oil current account. But if on the other hand there is a net capital outflow, a non-oil current surplus is required to pay for it, which will mean more net exports of manufactures.

This, of course, is likely to involve some reduction in the real exchange rate resulting from the shift to a current surplus. There is no need to exaggerate this effect or claim it will be very large. But, for what it is worth, it will tend to raise profit margins in the traded sector and boost manufacturing investment.

The next question is how to secure the overseas investment. Here, a very useful starting point was made by Peter Jay a long time ago in an article entitled "If Ben Nevis were solid gold?" (The Times, April 28, 1977). The main point was that the Government should purchase a prenotified amount of foreign exchange each year. Thus there would not be an exchange rate target, but an intervention target.

There need be no adverse monetary or interest rate effect if these *purchases were treated* as part of the public sector borrowing requirement (PSBR). A target for the PSBR makes sense only over a complete business cycle or at a given ("constant employment") rate of *activity. It is this medium term* target which would need to be adjusted—and not the rather unimportant PSBR outcome for 1981-82—which will depend mainly on the shape of the recession rather than on policy.

The purchase of foreign exchange should be only the beginning of the process. The aim should be to move as rapidly as possible into long-term capital assets, whether real or portfolio. The running of the portfolio, and even the original intervention, should be the *responsibility of a Government* agency and on no account left to the Bank of England, which tends to think in terms of U.S. Treasury bill holdings, or "currency stabilisation" — which at present would probably mean speculating in German marks.

But above all, I would make it a statutory requirement for the Government to dispose of its overseas portfolio within a stated period. By far the best way—and one that I hope Social Democrats will urge—would be to group the holdings into an investment trust and distribute shares in that trust *gratis* to every citizen. Thus the aim of a "People's Stake in North Sea Oil" could be achieved by this new route. For timid souls who fear that ordinary citizens will squander any capital they receive there could be a carefully-phased time-table of distribution, with perhaps a minimum holding time before the shares could be sold. A Conservative Government could, of course, simply sell off the shares in the market—or distribute them to farmers on an acreage basis.

How large should the programme of foreign exchange purchases be? The arithmetical impact of North Sea oil on the current balance of payments is estimated by Wood, Mackenzie to be over £7bn this year, rising *to £16½bn in 1984. These figures* understate the true benefit because they leave out the terms of trade effect. Thus as a preliminary aim, annual official purchases of £5bn of foreign assets might be considered.

It so happens that, because of the severe stock recession, overseas assets are being accumulated at present at an even higher rate, mostly in the private sector. This is simply the mirror image of the "excellent trade figures," which may not continue when activity recovers. *The need is for a* fail-safe device to make sure that overseas assets are accumulated in a normal year when domestic spending is rising at its trend rate.

It could be that the abolition *of exchange controls would* itself prove enough to stimulate a sufficiently large accumulation of overseas assets by the private sector even when the stock run-down ends and recovery begins. In that case the overseas port*folio manager could reduce,* and if necessary, suspend operations.

The suggestion for an official overseas portfolio originated with the question: "What is the minimum concession that could be made to the concerns of the industrial and export lobby without stimulating a new inflation and throwing away the painfully achieved gains on this front?"

We face a possible dangerous misuse of the Budget speech to announce a several-step fall in MLR by a Chancellor who once claimed to believe that such things should be set by market forces. But apart from bolstering his personal vanity the attempt to use interest rates to manipulate the exchange rate is, if made, likely to backfire badly. A properly financed overseas portfolio would be a far superior response to a feeling that "something must be done."

Samuel Brittan

Letters to the Editor

Tight economic policy?

From Mr. D. Shamash.

Sir,—I read with interest your leader articles "Things don't add up" (February 21) and "The 5 per cent monetarists" (February 19), commenting on the assertions of Mrs. Thatcher's personal economic adviser Professor Alan Walters that economic policy far from being lax, on the contrary has been too tight.

During 1980 the Government borrowed more money *from* the public than any year since the war. The reason why the Chancellor raised minimum lending rate to 17 per cent in the 1980 Budget was to facilitate his borrowing from the public—hardly the basis of a tough monetary policy.

The 1980 Budget has turned out to be far more expansionary than the Government expected. Revenue has been lower because of the recession and expenditure higher than planned. No trace of tightness in this area of Government policy.

During 1980 the Bank of England dismantled many of the controls it wielded over the banks by the removal of the "corset," and the repayment to the banks of their special deposits earlier than scheduled. More over, it has encouraged the banks to be kind to unprofitable businesses by lending them more money and keeping them afloat during the recession.

To date the Government has bailed out BL, the steel industry, the coal industry and British Rail—hardly an indication of a tight monetary policy.

Credit in 1980 was generally plentiful. The banks were awash with money and even started to encroach on building society territory in order to find new ways of lending money.

In what sense has monetary policy been too tight?

David Shamash,
Caplan Montagu Shamash Associates,
57 Duke Street,
Grosvenor Square W1.

Controlling inflation

From Professor G. Maynard

Sir,—Mr. P. Riddell (Lombard, February 24) is surely right to draw attention to the danger that over-reaction to the strength of sterling will lead to such a shift in domestic policy that sterling weakens dramatically and inflation accelerates. Any gain in competitiveness would then be very *short-lived.*

We certainly did not need a "specially commissioned study" to tell us that prices and wages react more slowly, particularly in the downward direction, to underlying real economic conditions than the nominal exchange rate reacts to monetary conditions; but to draw the conclusion that monetary conditions then became too tight and should be relaxed is to risk throwing away the baby with the bath water. If money were not tight in the sense described above, but instead was managed so as to accommodate rather than influence domestic cost inflationary pressures, then obviously monetary policy would cease to have a major role in controlling inflation. That may be a sensible outcome—indeed many people would heartily support it—but it is hardly one that should be acceptable to monetarists. It will be ironic if the advice of a reputedly hard line monetarist leads to the demise of monetarism.

(Professor) G. Maynard.
Faculty of Letters and Social Sciences, University of Reading, Whiteknights, Reading.

Exchange rate overshoot

From Professor P. Minford

Sir,—Professor Williamson (February 20) is right that exchange rate "overshooting" —an ugly term which describes an equilibrium reaction by the foreign exchange market — means that inflation itself will be reduced somewhat more initially than in its equilibrium state. But the question is how this effect works in the context of a medium term financial strategy or monetary plan, where money supply growth is being reduced steadily over a four year period. It is quite easy to show, in the sort of rational expectations model used to support "overshooting," that there would in this context be no such revival of inflation after the initial effect, but that on the contrary the process brings forward once-and-for-all the reduction of infla*tion that the monetary plan* would have otherwise spread over four years.

(Professor) Patrick Minford.
University of Liverpool,
Eleanor Rathbone Building, P.O. Box 147, Liverpool.

Not managing very well

From Mr. J. Locke.

Sir,—*Professor Walters now* tells us (February 16) that—despite the statistics—growth in the money supply has been lower than was previously thought. Do the supporters of monetarism need any more to convince *them that the policy* should be abandoned? What cannot be measured with a tolerable degree of accuracy forms no basis for managing the economy. No wonder we are in such a mess.

J. E. Locke.
14 Wattleton Road, Beaconsfield, Buckinghamshire.

Contradictory actions

From Mr. G. Wightman.

Sir, — Anthony Harris in *Economic Viewpoint* (February 19) detailed some of the contradictions in the Government's monetary policy. He omitted some of the most glaring examples.

The Government's monetary policy has never been related to an industrial strategy with the result that the former is bankrupt and the *latter non-existent.* In reducing demand the Government has increased the funding requirement of the nationalised industries thus escalating the public sector borrowing requirement. The *declared object of the* Government's monetary exercise has been to cure inflation. In fact, it will have the opposite effect. Industry has been forced to cut its margins to a degree that it is unable to invest in new plant; *in some cases existing plant* has been sold to improve cash flow; and skilled labour has been thrown on the scrap heap. Consequently, when there is an upturn in demand there will not be the capacity to meet it. Demand in excess of capacity entails inflation.

It will take more than a U-turn to restore the country's economic health.

G. B. H. Wightman.
11, Bramham Gardens SW5.

The tax on drinks

From the Chairman, Matthew Clark & Sons (Hldgs.)

Sir,—My letter of February 6 merely set out to discredit one reason why duty on beer, wines and spirits should be increased, namely that mooted by the Chancellor of the Exchequer that price increases of these products had not kept pace with inflation.

Mr. Rutherford (February 18) not only ignores the substance of my argument but introduces the entirely different subject of *alcohol abuse. In the* course of his dissertation he ascribes to my letter both the extolling of the economic virtues of the alcohol production industry and a list of benefits (presumably of alcohol, though this is not stated). *While* I could discourse on both these matters at length, nowhere did I do so.

Mr. Rutherford's letter is a perfect example of an experienced propagandist indulging in the pernicious practice of changing the subject of a debate in order to gain publicity for his views.

F. W. Gordon Clark.
183-185 Central Street, EC1.

Consumption of alcohol

From Mr. R. Wilson

Sir,—Considering the amount of rationing of so many everyday items of life—e.g., sugar, tea, etc.—in force in 1950 and the then smaller population than today, I consider any comparison of consumption of alcoholic beverages in 1950 and 1980 is tendentiously misleading. Scotch whisky, for example, because of the time lag necessitated by maturing, was not off quota for the home trade until spring, 1959, and with home market releases earlier strictly controlled under Government supervision only 3m proof gallons were cleared from bond in 1949-50, which was grudgingly increased to 3.8m in 1950-51, only to be cut back to 3.5m in 1951-52.

Recent statements of alleged alcoholism in Britain and proposals to reduce the consumption of potable alcohol by further excessive duty increases is reminiscent of the strong support given by the employing class in the U.S. to the Prohibition cause, with the hope of increasing production and profit by eliminating the drinking of alcohol in any form by the workers.

Ross Wilson.
Flat 1,
52, Fairhazel Gardens, NW6.

Chalk and cheese

From the Assistant General Manager (Pensions), Legal and General Assurance Society

Sir,—Mr. Nottage (February 23) is still trying to add chalk to cheese. The National Insurance scheme is the scheme run by the state and is pay-as-you-go. Private funds, contracted out or not, are not part of the National Insurance scheme.

W. A. Sibly.
Temple Court,
11, Queen Victoria Street, EC4.

Electrifying the railways

From the Director, Transport 2000

Sir,—Mr. M. J. Douglass's main thrust (February 19) seems to be that as "all railway operations in this country are loss making" and always will be "wholly uneconomic" we ought to forget about railways completely. Apart from the factual error in this approach—many railway operations, merry-go-round coal trains, for example, are profitable—he does not ques*tion whether it* is any more profitable to invest in other transport modes.

Railway electrification, according to the recent report, will give an internal rate of return of 11 per cent. This is in cash terms and *better than most of* British industry currently achieves. The Leitch report, however, called for these studies to be done on a cost benefit basis rather than financial, and compared with the road programme. *On the basis of Leitch's* comparisons this would put the cost benefit rate of return for railway electrification at between 15½ per cent and 208 per cent. This is far better than most road schemes, particularly for schemes like the North Devon link road, which has been approved despite showing a negative rate of return.

With a Government keen on value for money from public expenditure, railway electrification makes clear economic sense.

Nick Lester.
40 James Street, W.1.

Debentures and guarantees

From Mr. A. Taylor

Sir,—It has become practice for some banks to include a clause in their debentures which provides for a fixed charge over book debts. This has the effect of ensuring that the bank derives an advantage over preferential creditors, in the event of a receiver being appointed.

The matter is significant because in these days of poor cash flows, there is a tendency for companies to take increasing credit from, for example, VAT and PAYE liabilities. If the bank debenture does not provide for a fixed charge over book debts and the directors of the company have given personal guarantees, the appointment of a receiver would enable the preferential creditors to be paid out, prior to the bank, out of what may be one of the principal assets of the company. Should the bank not be able to recover all monies due, it will look to the directors under their personal guarantees.

It is essential, therefore, that directors who have given personal guarantees to bankers, review the terms of their company's debentures.

Andrew K. Taylor.
Kemp Taylor and Co.,
13-15, Belvoir Street, Leicester.

Today's Events

GENERAL

UK: Secretaries for Employment, Energy, Industry and Transport meet leaders of the National Union of Mineworkers, the Iron and Steel Trades Confederation and the National Union of Railwaymen.

Civil Service Unions' Council meets to consider industrial action over pay offer, London.

Mrs. Lynda Chalker, Social Security Parliamentary Secretary, speaks at Westminster.

Mr. Eric Varley, Opposition Employment spokesman, addresses meeting on unemployment, Nottingham.

Prince Charles presents Scottish Development Council Enterprise , Scotland business competition awards, Glasgow.

Shop stewards at four British Sugar Corporation factories meet to discuss action against closure plans.

Institution of Electrical Engineers annual dinner, Grosvenor House, London.

Institution of Mechanical Engineers discuss improved reliability of hydraulic systems, Solihull.

Overseas: Mrs. Margaret Thatcher meets President Ronald Reagan, Washington.

Mass rally against increased censorship, Tehran.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Opposition motion on crisis in textile, clothing and footwear. Debate on Opposition motion on deteriorating economic and employment situation in South and South-West.

House of Lords: Iron and Steel Borrowing Powers Bill, third reading. Deep Sea Mining (Temporary Provisions) Bill, third reading. Redundancy Fund Bill, second reading and committee. Companies Bill (HL), second reading. Short debate on review of energy prices charged to industry.

Select Committee: Home Affairs on racial disadvantage. Witness: Mr. Timothy Raison, Minister of State at Home Office. Room 15, 4.30 pm.

OFFICIAL STATISTICS

Department of Energy publishes energy trends.

COMPANY MEETINGS

Birmingham Pallet, 75 Harborne Road, Birmingham, 12. Danks Gowerton, Station Hotel, Dudley, West Midlands, 12. Spencer Clark Metal, Greasborough Street, Rotherham, 12. Vectis Stone, Bugle Hotel, Newport, Isle of Wight, 12.

UK COMPANY NEWS

HIGHLIGHTS

Lex concentrates on the full-year results from **Carrington Viyella** where the troubled textile giant has produced a pre-tax loss of £8.3m, but after extraordinary items of £21.5m, reflecting the cost of closures and redundancies, the company closes its books on an attributable loss of getting on for £32m. **Harrisons Malaysian Estates** comes in for comment. The strain of lower commodity prices has pushed the profits 8½ per cent lower, all the fall coming in the closing quarter. **Mersey Docks** continued to paint a very bleak picture of its prospects yesterday and Lex considers the company's position. On the inside pages comes some buoyant figures from **Johnson Matthey** and **Gillett Brothers** and relative newcomer, **Armstrad**, produces sharply-higher half-time results.

Johnson Matthey tops £30m at nine-months stage

A RISE of £1.98m to £10.72m in the third quarter helped to lift taxable profits of **Johnson Matthey and Co.** to £30.36m for the nine months ended December 31, 1980, against £20.19m last time.

Sales, excluding Johnson Matthey Bankers, increased from £542.93m to £704.44m for nine months.

Stated earnings per £1 share on an annualised basis were higher at 26.9p, compared with an adjusted 17p. Tax charge was up from £6.65m to £8.94m.

There were substantially higher exchange losses of £2.19m, against £0.99m. Retained profits emerged at £16.04m (£10.91m).

Johnson Matthey is a diversified group with interests in metals, banking and chemicals.

comment

Johnson Matthey has done extremely well to raise its third-quarter profits by 24 per cent (roughly the proportion by which they exceeded market expectations). A year ago, the same quarter saw much more rapid growth when the turnover in precious metals began to accelerate. Although metal dealings have not had the same impetus this time, this side of JM's business remains ahead at the nine-month stage, while other bright sectors have been metal refining and chemicals, especially in North America. Jewellery fabrication, colours and transfers go on witnessing the effects of recession. At yesterday's price of 229 (up 3p) the shares yield 5.6 per cent on the basis of a final dividend no higher than the 6p mentioned in connection with December's rights issue. But JM admits to record profits and if the pre-tax reaches the £44m or so now expected by analysts there would be a case for paying out more.

International Tst. rise

Total revenue of the International Investment Trust edged ahead to £2.74m for the year ended January 31, 1981, against £2.7m previously which included special non-recurring dividends of £218,750.

After tax of £717,754 (£707,615) revenue emerged ahead slightly from £1.51m to £1.54m, but if net special dividends are excluded, there was an increase of nearly 14 per cent.

Earnings per 25p share were 4.43p, compared with 4.32p including non-recurring income, or 3.87p excluding the same. The final dividend is raised from 2.33p to 2.55p making a total of 4.15p (3.8p) net.

Net asset value climbed from 104p to 124.5p per share at the year end.

CELCON RISES

Despite the recession in the construction industry, Celcon, the unquoted building materials manufacturer, edged ahead with net profits up from £3.77m to £3.98m on turnover up from £28.26m to £30.83m. Turnover in volume terms is presently running at 16 per cent down on last year.

Depreciation provided is £794,000 (£750,000 including additional depreciation of £144,000). Tax amounted to £1.81m (£1.58m).

AECI

AECI LIMITED

(Incorporated in the Republic of South Africa)

PRELIMINARY PROFIT ANNOUNCEMENT 1980

Turnover up 38% to R1,236 million
Net income before taxation up 61% to R202 million
Earnings per ordinary share up 57% to 81.1 cents
Ordinary dividend up 50% to 45 cents

1. Trading Results

The directors announce the trading results of the Group for the year ended 31 December 1980, subject to audit, as follows:

	R Millions 1980	1979
Turnover	1,236.2	896.0
Net income before taxation	202.0	125.4
Less: Taxation	71.8	42.1
Net income	130.2	83.3
Less:	7.1	6.7
Tax savings arising from investment allowances transferred to non-distributable reserves	4.8	6.3
Preference and outside shareholders' interest	2.3	0.4
Net income attributable to ordinary shareholders	123.1	76.6
Earnings per ordinary share	81.1c	51.5c

2. Dividends

Preference dividend No. 85 at the rate of 5.5 per cent per annum for the six months ended 15 December 1980 has been declared and paid. The Board has declared a final ordinary dividend of 27 cents per share (1979—18 cents). This, together with the interim dividend of 18 cents per share (1979—12 cents), makes the total distribution for the year 45 cents per share (1979—30 cents). Dividend cover has increased from 1.7 to 1.8.

3. Comments

Group turnover for 1980 totalled R1,236.2 million, an increase of R340.2 million (38.0 per cent) over 1979. Export sales included in the above totalled R62.6 million (1979—R55.1 million). Group net income before taxation for the year at R202.0 million increased by 61.1 per cent over the corresponding figure for 1979. Earnings per share improved from 51.5 cents to 81.1 cents. The figures include the results of Chemical Holdings Limited in which the company acquired a 56 per cent interest on 1 July 1980.

Domestic sales volume was 19 per cent above the 1979 level. All major sectors of the Group contributed to this improvement, the growth rates for agricultural nitrogen, industrial chemicals, paints, plastic pipes and vinyl products having been particularly noteworthy. The Coalplex joint venture traded at a profit for the year and the results of Triomf Fertilizer (Pty) Limited showed a significant improvement.

It is expected that the profits for 1981 are likely to show a further improvement, although at a lower rate than in 1980. The annual report will be posted to shareholders during March.

On behalf of the Board
H. F. OPPENHEIMER
D. N. MARVIN
Directors

Transfer Secretaries:
Consolidated Share Registrars Limited,
62, Marshall Street,
Johannesburg, 2001
and
P.O. Box 102, Charter House,
Park Street, Ashford, Kent,
TN24 8EQ, England

Registered Office:
16th Floor, Office Tower,
Carlton Centre,
Johannesburg, 2001

£8m loss for Carrington Viyella: dividend omitted

ACCELERATING LOSSES in the second six months have resulted in Carrington Viyella incurring a deficit before tax of £8.31m for the year to end-December, 1980. At the interim stage, the textile manufacturing group reported a pre-tax loss of £1.2m, compared with a profit of £5.09m.

The loss for the year, which was struck after interest charges of £11.89m (£8.37m) and associates' earnings, down from £2.66m to just £141,000, compares with pre-tax profits of £8.49m for 1979.

The dividend for the year is being omitted — last time an interim of 0.7p net was followed by a final of 0.4p.

Sales declined from £312.8m to £297m.

After tax, lower at £1.3m (£2.2m), there was a loss of £9.6m (£6.29m profit) and a loss per 25p share of 5.58p, against earnings of 3.18p.

Extraordinary debits as a result of the restructuring programme, amounted to £21.5m (£1.8m) and after preference dividend payments of £513,000 (same) there was a loss attributable to ordinary shareholders of £31.64m, compared with a profit of £4m.

Mr. Bill Fieldhouse, the chairman, says that while 1981 will benefit from reductions in the cost structure, the overall trading environment shows little sign of recovery and, under these circumstances, the board will continue to concentrate on the optimisation of cash flow.

He points out that in spite of the extraordinary costs and extreme trading conditions, the group succeeded in reducing total borrowings by £4m during the year. This was achieved mainly through improved controls on working capital with stocks being reduced by £21m during the period.

Commenting on the results for 1980 the chairman says the group operated in an environment where the UK textile industry experienced its worst recession since the 1930s. In addition to low UK demand, it had to face difficulties arising from the increasing value of sterling.

During 1980 a major restructuring programme was embarked on, much of it having been implemented by the end of the year. This included the closure of 30 separate locations, a reduction of over 6,000 in the number of UK employees and a streamlining of the business into five operating divisions.

Discussions are continuing with Guilford Mills Inc., a major U.S. warp knitting company, for the formation of a joint venture involving the group's warp knitting interests in the U.K. Subject to satisfactory completion of negotiations, the joint company should be in operation by the end of March.

See Lex

Rhys David examines the textile group's fight against destocking and rising import penetration

Hopes of survival rest on early benefits from rationalisation

THE CRISIS in Britain's textile industry has been signposted yet again in the results published by Carrington Viyella, the yarn, fabric, garments, and consumer products group in which ICI has a stake of just under 50 per cent.

Demand collapsed after April and failed for the first time in memory, according to Mr. Ernest Cummins, the deputy chairman, to show its normal autumn upturn.

This led to increased losses in the second half and a full-year deficit of £8.3m before tax, on sales down from £312.8m to £297m.

Nor are there any signs of destocking by the company's retail customers—the main problem last year—being replaced by restocking.

To add to the gloom, Carrington itself sees little relief in the short-term from the other major difficulty affecting the sector—rising import penetration, and in particular the growth of U.S. exports to the UK.

The U.S. increased its sales to the British market by 20 per cent last year with much of this effort being concentrated in household textiles and carpets, two key products in the group's range.

With all these problems crowding in, Carrington's hopes of surviving clearly rest in large measure on early benefits coming from the root and branch rationalisation programme drawn up for the management by the Boston Consulting Group.

Its report was presented in September in the wake of a major boardroom shake-up, widely believed to have been instigated by ICI.

Replaced

Mr. Leonard Regan was moved from chairman to president. He was replaced by Mr. Derrick Hornby, a former Spillers executive who himself left after only eight weeks, making way for Mr. William Fieldhouse, chairman of Letraset.

At the same time ICI seconded its own man, Mr. Robin Biggam, who was a deputy treasurer with the group, as finance director.

With the problems of the second half of 1980 to concentrate the mind, the new team reckons to have implemented all but a few of the major strategic decisions on a 65-item list of projects outlined by Boston.

Employment tells its own tale—down from 27,000 in 1978 and from a peak of 33,000 in 1973 to about 18,000, with another 1,000 jobs in the process of being lost.

The number of operational sites has been cut by 30 in the past year and the group's London headquarters, off Regent Street, has recently been vacated and administration centred at its Northern base near the M6 in Lancashire.

The main effect of calling in the Boston team has evidently been to accelerate moves Carrington was already making out of basic spinning and weaving and high volume, low value, knitted goods and garments. The group has therefore accepted that the UK market in spinning will never recover and has closed mills accordingly.

About 75 per cent of the yarn produced by the group is consumed internally in the manufacture of its Dorma brand sheets, in shirtings, and in outerwear and in its specialist Viyella fabrics.

In weaving Carrington closed its last two remaining plain fabric shirting plants last year, claiming that the Japanese were, for long-term strategic reasons, supplying Europe at less than the yarn price. It is retaining its coloured spun weaving capacity—an area where it hopes to be able to continue to compete on design—and other specialist weaving operations such as Viyella fabric.

The group has also reduced capacity in filament weaving and has again concentrated in speciality areas where it hopes to be able to avoid head-on competition with Burlington, the U.S. textile group, which has mounted an aggressive sales drive on the UK market for textured polyester fabric from its Irish plants.

Carrington is putting its efforts instead into linings—a market it shares with Courtaulds—and specialist fabrics for use in workwear, automotive, defence and other specialist applications.

The group has abandoned weft-knitting except for a small presence in lace. It has also reduced its stake in warp-knitting, where its remaining activities are being invested in a 50-50 joint company to be set up with Guilford, the U.S. textile company.

Scaled down

Production of garments — especially outerwear, a market heavily penetrated by imports—has been scaled down. But the group is to step up its women's fashion effort to reduce its dependence on menswear.

This move ties in with the overall recommendation by Boston that Carrington should direct its efforts much more towards the final consumer and make much better use of its strongest brand-names — Viyella, Van Heusen and Dorma.

A fourth main line of activity which will continue to make an important contribution is supplying Marks and Spencer.

The group's other brand-names, which include Peter England, Quelrayn, Robert Hirst, Dhobi, Driway and Quest, will not get the same level of promotion. Management of the companies making these products is being grouped under one or other of the "lead" brands to save on overheads.

All the group's activities have been placed under five main operating divisions.

Increased involvement overseas is intended to represent another strand in the overall strategy. It has been decided that opportunities exist to exploit the company's brands, particularly Viyella, much more effectively abroad — including, for example, licensing deals with the manufacturers of other up-market products, such as luggage and toiletries.

More controversially, Carrington may have to begin, like other UK textile groups, to draw on low-cost garment manufacturing facilities in the Far East and the Mediterranean to win a bigger share of world markets for its branded shirts and other products.

The group would clearly like to develop further links with strong overseas groups such as Guilford—itself only half the size of Carrington but involved exclusively in the manufacture of one product, warp-knits.

The main doubt must be whether conditions in the UK economy will give Carrington the time to implement this strategy and whether ICI, as the main shareholder, will have the patience to see the changes through.

Uncertain

Carrington's directors remain uncertain over the prospects for any significant reduction in the level of U.S. imports which have hit UK producers in the up-market areas. These include bed linen, into which they have moved to escape low-cost competition elsewhere.

The recent weakening of the pound is an encouraging sign, but an increase in ordering by retail customers may still be some way off.

The new direction which Carrington is trying to take nevertheless offers the prospect of a revived company emerging when the UK economy recovers, competing in the right markets and able to exploit its strong brand names. The temptation for ICI must be to hang on and hope.

Sales halved and Rivlin goes deeper in the red

DESPITE directors' hopes of a return to profitability for the year to end-April, 1980, **I. D. and S. Rivlin Holdings**, has plunged further into the red, incurring a pre-tax loss of £170,783, compared with a deficit of £53,188 previously.

Sales of continuing and discontinued activities of this importer, wholesaler and retail distributor of clothing and textiles, showed a drop from £8.76m to £4.22m.

There is again no dividend—the last payment being an interim of 1.17p net for 1977.

During the year Rivlin disposed of its Hong Kong subsidiary, Eastport Textiles (HK), and since the year-end has sold the loss-making offshoot Associated Drapery Stores (Western), comprising the retail group. It has also contracted to acquire by stages during the year to April 30, 1981, the 25 per cent minority interest in L. Deyong and Company at a cost of £50,868.

Planning permission has been obtained to permit certain retail sales from the group's head office and warehouse premises in Cardiff.

They point out that shareholders are now left with a relatively small group of companies, all of which have a satisfactory trading record.

Although trading in the current year has been very bleak so far, the directors say an improvement in the group's situation can be anticipated when satisfactory arrangements for the future operation of the premises in Cardiff have been made.

Exceptional costs over the year amounted to £321,815 (£47,911), of which £290,000 related to the cessation of the importation and wholesaling of fashion merchandise completed during the year.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Amstrad	int.	1.56	April 15	—	—	—
Berisfords		2.6	April 10	2.6	3.8	3.8
BPM	int.	1.58	April 22	1.44	—	5.25
T. F. & J. H. Braime		2	April 27	3	3.5	4.5
Carrington Viyella		nil	—	0.4	nil	1.1
Gillett Bros. Discount		10.71	—	3.5	17.7	10.5
Harrisons Malay.	int.	2.5	May 1	2.5	—	8
Intl. Inv. Trust		2.55	May 5	2.33	4.15	3.8
Olives Paper Mill		nil	—	0.77	nil	1.5
Western Sel. & Dev.		1.3	April 3	1.23	2.3	2.1
Williamson Tea Hldgs.		12.5	—	—	12.5	12.5‡
Wintrust	sec. int.	0.97	April 1	0.88	—	2.92

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 18 months.

LONDON TRADED OPTIONS

(Feb. 25 Total contracts 2043)

Option	Ex'rcise price	April Closing offer	Vol.	July Closing offer	Vol.	Oct. Closing offer	Vol.	Equity close
BP	330	74	1	—	—	—	—	396p
BP	420	15	11	8	—	40	—	"
BP	500	1½	4	9	—	—	—	"
Com. Union	140	21	3	24	—	30	—	158p
Com. Union	160	8	1	11	—	15	—	"
Cons. Gold	420	54	—	68	—	75	5	450p
Cons. Gold	460	34	10	48	11	55	10	"
Cons. Gold	488	14	5	—	—	—	—	"
Cons. Gold	588	3½	36	6	—	—	—	"
Cons. Gold	638	1½	—	2½	34	—	—	"
Courtaulds	50	12	24	14	—	18	—	61p
Courtaulds	60	4½	20	8	—	10	11	"
Courtaulds	70	2	5	4	—	—	—	"
GEC	650	26	3	53	—	83	—	648p
Grand Met.	160	19	14	26	—	31	—	174p
Grand Met.	180	6	8	12	1	17	—	"
ICI	280	25	13	39	10	48	—	292p
ICI	300	13	18	27	—	34	—	"
ICI	330	5	8	12	6	—	—	"
ICI	360	1½	10	6	—	—	—	"
Marks & Sp.	120	8½	6	14½	—	19	—	125p
Marks & Sp.	130	3½	25	7½	—	12½	—	"
Shell	590	33	10	52	—	66	—	412p
Shell	420	20	53	34	—	46	—	"
Shell	500	2½	1	6	2	—	—	"
Totals			289		64		26	
		February		**May**		**August**		
Barclays B'k	390	10	1	32	—	47	—	398p
Barclays B'k	430	½	2	20	—	32	1	"
Barclays B'k	460	¼	—	10	1	18	—	"
Imperial Gp.	70	10½	117	10½	—	12½	—	80p
Imperial Gp.	80	½	112	3½	70	5	—	"
Imperial Gp.	90	½	10	1½	—	2½	—	"
Lasmo	600	—	—	94	—	127	1	652p
Lasmo	650	4	14	62	4	97	—	"
Lasmo	700	½	16	42	1	70	—	"
Lasmo	750	¼	5	23	6	45	—	"
Lasmo	800	¼	3	12	—	24	—	"
Lonrho	94	8	58	—	—	—	—	101p
Lonrho	100	—	—	10½	12	13	1	"
Lonrho	104	¼	107	—	—	—	—	"
Lonrho	114	½	53	—	—	—	—	"
Lonrho	120	½	435	2½	—	5	—	"
P. & O.	100	25	10	—	—	—	—	124p
P. & O.	110	15	10	19	13	23	—	"
P. & O.	120	5	102	12	21	14½	—	"
P. & O.	150	½	78	7	6	9	1	"
P. & O.	140	¼	2	3½	25	—	—	"
Racal Elec.	280	83	57	92	—	102	—	362p
Racal Elec.	300	63	1	74	—	85	—	"
Racal Elec.	330	33	44	50	5	63	—	"
Racal Elec.	360	3	151	27	26	44	—	"
Racal Elec.	390	¼	16	12	—	27	—	"
RTZ	354	63	2	—	—	—	—	415p
RTZ	384	33	2	—	—	—	—	"
RTZ	390	—	—	45	5	62	1	"
RTZ	414	2	17	25	11	—	—	"
RTZ	454	½	11	14	19	—	—	"
Totals			1434		225		5	

ISSUE NEWS

Rights by E. Anglian Securities

NORWICH-BASED **East Anglian Securities Holdings** yesterday launched a £624,000 rights issue by means of an 8 per cent convertible unsecured loan stock at par offered on the basis of £3 of loan stock for every five ordinary shares held.

The issue, which will require a special meeting for approval on March 9, will close on March 31. It is not being underwritten and there is no broker to the issue.

The loan stock may be converted during a 30-day period in 1983, 1984 and 1985 on the basis of £2.40 nominal for one ordinary share. This represents a conversion premium of 33 per cent on yesterday's share price of 180p. The shares are traded under Rule 163(2).

The group's two major shareholders, Scottish American Investment Company (48.9 per cent) and Anglia Television Group (34.5 per cent), will both be taking up the majority of their rights and will be renouncing the balance in favour of new institutional investors. At present there are 46 other shareholders besides these two groups.

Mr. Francis Madden, deputy managing director of East Anglian, said yesterday that the company "does not frantically need the money" but would use it for expansion. "We are raising the money to expand our commercial banking business, to refinance property and to do more property deals and to invest in small, unquoted companies with promise," he explained.

He cited the example of Sodastream, an unquoted company in which East Anglian holds 14.35 per cent, as an unquoted company which has shown significant growth.

SW CONSOLIDATED

South West Consolidated Minerals, which came to the market last June by way of an offer for sale by Dundonian of 5.5m shares, 25 per cent of those issued, is seeking a quotation on the Stock Exchange's Unlisted Securities Market.

Until now, the shares have been traded under rule 163(2). Dealings in the USM are expected to start next Monday.

MID-SUSSEX

Applications totalling £6.275m were received in respect of the offer for sale by tender of £3.5m of Mid-Sussex Water Company 8 per cent redeemable preference stock, 1986.

The highest tender was £102.33. The average price of allotments was £102.14 and the lowest tender to receive a partial allotment was £101.86.

Dealings begin today in £10 paid form.

SPAIN

February 25	Price %	+ or −
Banco Bilbao	285	+2
Banco Central	324	+1
Banco Exterior	280	
Banco Hispano	265	
Banco Ind. Cat.	125	
Banco Madrid	141	
Banco Santander	333	+1
Banco Urquijo	185	+2
Banco Vizcaya	314	+4
Banco Zaragoza	232	
Dragados	126	−0.5
Espanola Zinc	62	+3
Fecsa	58.5	+0.3
Gal Preciados	33.5	−0.5
Hidrola	65	+0.5
Iberduero	58	−0.2
Petroleos	94.2	+4
Petroliber	70	
Sogefisa	99	−3
Telefonica	61.7	
Union Elect.	64.5	+1

Scot. American investors policy

BY TIM DICKSON

The Scottish American Investment Company, a £75m investment trust, is setting out actively to woo private investors. Launching the company's 1980 Report and Accounts in London yesterday, Mr. James Ferguson, investment director, said there was little point in trusts existing just to please the big institutions.

"Good as it is to have pension funds and insurance companies among our shareholders our future lies with the private individual. Too many investment trusts have neglected him in the past," he said.

Backing up Scottish American's resolve is a new section at the front of its 1980 report aimed at encouraging a better understanding of the company's activities. "We have done so," Mr. Peter Turcan, chairman, says in his introduction, "because we believe the advantages of Scottish American and its investment trust format are too little known."

Scottish American's initiative follows a year in which investment trusts, through the Association of Investment Trust Companies, have been attempting through advertising and publicity material to reach a wider audience. Trusts in the past have been criticised for their sometimes unexciting image and private shareholders in recent years have consistently sold their holdings to big institutions.

Following tax changes in the last Budget and the abolition of exchange controls, both of which helped investment trusts, there are signs that this trend is slowing down, if not yet coming to a halt.

Scottish American, which at the end of last year held about 14 per cent of its equity portfolio in unquoted securities, has an unusually high proportion of individual shareholders—some 60 per cent of the total, against an average for the sector of roughly 30 per cent.

Braime down to £0.16m

A SECOND-HALF loss of £4,507 compared with profits of £101,135, has pushed down pre-tax profits of T. F. and J. H. Braime (Holdings) from £316,721 to £162,114 for the year to December 31, 1980. Turnover was also lower at £3.12m against £3.24m.

The final dividend is cut from 3p to 2p for a total of 3.5p (4.5p).

The pre-tax figure includes investment income of £52,286 (£31,648). Tax was down from £115,138 to £82,798, but there was a deferred tax adjustment of £294,835 (nil), leaving retained profits higher at £316,191 compared with £129,223.

Stated earnings per 25p share before deferred tax adjustment are 4.91p (13.39p).

The company is a specialist in deep drawn press work.

Medminster Limited

Furniture Hire, Shipping and Freight Agents

INTERIM STATEMENT

The Group has experienced buoyant trading for the six months and this is illustrated by an enhanced dividend.

Six months ended 31st Dec.	1980 £	1979 £
Turnover	5.2m	5.1m
Profit before taxation	165,811	105,424
Profit after taxation	102,811	66,924
Interim Dividend per share (net)	1.5p	1.1p

FURNITURE HIRE

We have, since November, been in the process of refurbishing the additional Warehouse the Furniture Group is opening in Manchester and equipping the interior with racking and modern furniture handling equipment. I did also point out that the furniture divisions would carry the burden of the extra overheads while equipping this property and transferring our vast stock from the present premises to the new location, which may possibly take another full year.

It should be recalled that Camden Furniture Hire (CFH), which was only recently relocated on the Western Avenue, has been, and is, highly successful. It is therefore our intention to install a CFH division alongside our existing company, Gimberts, when the property in the north is ready.

SHIPPING AND FREIGHT

The Group's expertise in shipping and forwarding covers the whole spectrum of international freight handling. Some of these services have been in greater demand than others, ie imports down, but exports are up; warehousing was down, but distribution was up. The overall position with the shipping and freight companies is an increase in their profits for the half year, on a similar revenue.

During the half year, the Group has increased its permanent cash position by some 25%, and cash balances currently stand at something in excess of £200,000.

24th February, 1981

JOHN DELANEY Chairman

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB   Telephone 01-621 1212

1980-81 High	Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
75	39	Airsprung	65	—	6.7	10.3	5.9
44	21	Armitage and Rhodes	42	—	1.4	3.3	17.3
192	92½	Bardon Hill	189	—	9.7	5.1	7.1
98	88	Deborah Services	95	—	5.5	5.8	4.7
126	88	Frank Horsell	105	—	6.4	6.0	3.3
110	51	Frederick Parker	51	—	11.0	21.6	2.3
110	74	George Blair	75	—	3.1	4.1	—
110	58	Jackson Group	107	—	6.9	6.4	4.1
124	103	James Burrough	119	−1	7.9	6.6	9.8
334	264	Robert Jenkins	330	—	31.3	9.5	—
55	50	Scruttons "A"	54	—	5.3	9.8	3.9
224	215	Torday	218	−1	15.1	7.0	3.7
23	10	Twinlock Ord.	11½	—	—	—	—
80	69	Twinlock 15% ULS	71	—	15.0	21.1	—
56	35	Unilock Holdings	43	+1	3.0	7.0	6.6
105	84	Walter Alexander	103	—	5.7	5.5	6.7
263	181	W. S. Yeates	260	−1	12.1	4.7	4.2

Harrisons Malaysian falls to £13.9m at six months

TAXABLE PROFITS of Harrisons Malaysian Estates fell from £15.16m to £13.92m in the six months to September 30, 1980, on turnover £4.3m lower at £31.3m.

However, the interim dividend is held at 2.5p net per 10p share. Last year a total of 8p was paid from pre-tax profits of £31.26m.

The directors of the group, which produces rubber, palm oils, coconuts and cocoa, say average selling prices for all crops were lower.

The strength of sterling during the half-year was an adverse factor in the translation of Malaysian currency trading earnings, which were about 8 per cent lower than in the same period in 1979.

Earnings per 10p share for the period are shown to have fallen slightly to 5.09p (5.37p). Tax charge of the group, which is 80 per cent owned by Harrisons and Crosfield, was down from £6.16m to £5.38m.

Pre-tax profits comprised a reduced surplus on trading of £11.06m (£13.06m), investment income of £2.63m (£1.85m), and associates' contributions of £0.23m (£0.25m).

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals.

TODAY

Interims: Ariel Industries, Brown Brothers, Gripperods, London Shop Property Trust, Plessey, Tor Investment Trust.

Finals: AI Industrial Products, Alcan Aluminium (UK), Imperial Chemical Industries, Romai Tea, Teca, Thomas Walker, Ward Holdings, Westwood Dawes.

FUTURE DATES

Interims—	
Diploma	Mar. 3
Galliford Brindley	Mar. 9
Link House Publications	Mar. 10
Murray Glendevon Inv. Trust	Mar. 9
Ricardo Consulting Engineers	Mar. 24
Finals—	
Refuge Assurance	Mar. 12
Royal Dutch Petroleum	Mar. 12
Slough Estates	*Mar. 25*
"Shell" Transport & Trading	Mar. 12
Watmoughs	Mar. 24

Improvement at Gillett Bros.

After tax and transfer to contingencies, profits at Gillett Brothers Discount Company pushed ahead to £574,785 for the year ended January 31, 1981, compared with £110,666 after tax and transfer from contingencies.

The final dividend from this discount house is up from 3.5p to 10.71p, making a total of 17.71p for the year against 10.5p previously.

Bills discounted were down at £162m (£164.7m) but sterling and dollar certificates of deposit and currency instruments went ahead to £6.4m (£3.4m). Listed investments were £20.3m (£12.8m).

Contingent liability on commercial and other bills discounted was £134.4m (£150.8m).

● comment

Gillett's profits are at the top end of a market range of £400,000 to £600,000 and the dividend, which was expected to be restored to the 1978-79 level, is marginally better than that. Even after a rise in the share price of 21p to 256p the yield is 10.3 per cent and the prospects interesting. One influence on the recovery last year was the Kirkland-Whittaker money broking subsidiary which was depressed in 1979-80 by start-up costs in Bahrain and New York. Last year, Bahrain turned fast, and substantially into profit; this year, New York will also come into its own. The basic discounting business does not feel that it overperformed last year, and admits that as a small house that it is a relatively high-cost operation. The prospects for a relatively small, high-cost operation which is calling a lucrative turn in the gilts market should be worth watching, at least.

RTZ's offshoot in Canada $6.6m lower

Pre-tax profits of Indal of Toronto, the fast-growing North American aluminium building contracts group controlled by Rio Tinto Zinc, fell from C$23.7m to $17.1m in the year to December 31, 1980. Sales were also lower at $412m compared with $450m.

There was a strong upward trend in profits in the fourth quarter, says the company in Montreal.

The outlook for the current year is better because interest rates will decline, thus helping the housing market further in Canada and the U.S. The purchase of the aluminium extrusion and fabricating facilities from Consolidated Aluminium Corporation of St. Louis should add around $100m.

Earnings per share are down from $2.28 to $1.56.

Nash demerger proposals for Reliant Motor passed

THE DEMERGER proposals for Reliant Motor Company, the motor manufacturing subsidiary of J. F. Nash Securities were passed yesterday by the extraordinary general meeting which followed the industrial group's annual meeting. However, the demerger remains conditional upon the sanction of the Court.

At the annual meeting, Mr. John Nash, the chairman, said "contrary to the impression in the Financial Times" the demerger proposals were not designed to "get rid" of Reliant Motor Company because it would make a loss in the current year, but added that "without doubt, 1981 is going to be very difficult for Reliant, as with the rest of British motor manufacturers."

He said the Board, which had always had regard to the logic of Reliant eventually becoming an independent company, first considered a detailed scheme for the "hiving off" of Reliant in 1978.

But tax legislation made it impossible to proceed with that scheme and it was the tax changes embodied in last year's Finance Act which had determined the timing of the demerger proposals.

J. F. Nash Holdings, Mr. Nash's private investment company, would have exactly the same stake in Reliant, before and after the demerger.

Overall, the J. F. Nash group had traded satisfactorily in the first four months of the current year.

Berisfords profit dives but payout maintained

TAXABLE PROFITS of Berisfords have plunged from £1.2m to £0.26m for the year ended November 21, 1980, but the group, which makes ribbons, trimmings, labels, lampshades and embroidery, is holding its final dividend at 2.6p net for an unchanged total of 3.8p per share.

Seriously affected by the recession, first-half pre-tax profits had dropped from £520,000 to £102,000. It was hoped to show an improvement in the second six months, but this depended on some help being forthcoming from the Government to stimulate both production and sales.

Mr. John Sebire, the chairman, says the decision to maintain the final dividend arises from the group now operating on a more efficient basis, with slimmed overheads and borrowings significantly lower than at halfway. Also, reserves are adequate while the group's dividend policy in past years has been conservative.

Tax for the year took £200,100 (£245,700 credit) giving a net balance of £56,100, against £1.45m. Tax amounted to £52,700, with the balance representing ACT written off relating to prior years and now thought unlikely to be recoverable within one year. Earnings per 25p share slumped from 35.8p to 1.4p.

Although sales, which totalled £10.46m (£10.18m), was the highest value yet invoiced by the group, it fell short of budget and did not represent growth in terms of volume, the chairman states.

It has therefore been necessary to consider the whole structure of the business including the amount of factory space being used, as well as numbers employed. Drastic action to reduce overheads was taken during the year, as a result of which major economies have been effected, while in addition, a big effort has been made to reduce the use of borrowed money for working capital.

However, this was not in time to prevent a serious erosion of achieved.

profits based on the sales level

A workforce of around 920 has been reduced to just over 700, but Mr. Sebire says most of this has been achieved by natural wastage and redundancies have been kept to a minimum.

	Year 1979-80 £	Year 1978-79 £
Turnover	10,455,000	10,182,700
Profit before tax	256,200	1,203,500
Tax charge	200,100	*245,700
Net profit	56,100	1,449,200
Dividends	153,900	149,700
Leaving loss	97,800	†1,299,500

* Credit. † Profit.

Amstrad tops dividend forecast

TAXABLE PROFITS of Amstrad Consumer Electronics improved from £871,271 to £1.31m in the half year to end-December, 1980—a rise of 51 per cent—and an interim dividend of 1.56p net is being paid, an increase of 20 per cent on the level envisaged at the time of the offer for sale in April, 1980.

Turnover for the six months was up by 58 per cent at £7.59m, compared with £4.8m.

For the year to end-June, 1980, the group, which manufactures and distributes electronic, audio and domestic consumer equipment, earned pre-tax profits of £1.36m from sales of £8.76m.

Mr. Alan Sugar, the chairman, points out that while the results for the six month are a record they include the company's peak selling season.

Bearing in mind the continuing recession and the seasonal nature of the group's business, he says it would be unwise to conclude that similar rates of growth in turnover and profits can be sustained during the current six months.

In addition, it is pointed out that the Inland Revenue's recent proposals regarding stock appreciation relief could, if implemented, have a significant effect on the company's future tax liability.

However, the company is determined to maintain its position in a highly competitive market and is confident that, barring unforeseen circumstances, results at the end of the year will be satisfactory.

Tax for the half year took £682,000 (£193,910), leaving stated earnings per 25p share of 6.8p (7.3p).

Attributable profit for the period was £629,947 (£677,361) and retained profits came through at £576,375 (£677,361) after dividend payments which absorbed £53,572.

The chairman is waiving his right to dividends totalling £91,897.

The move to the new 40,000 sq. ft. factory at Southend is progressing well, but there will be removal costs involved, together with some disruption to productivity. The benefits of greater capacity and more room will be felt increasingly in the future, the chairman concludes.

● comment

Amstrad's profits could reach £1.9m this year. They might have breached £2m but for the cost of establishing a new Southend factory which doubles Amstrad's in-house manufacturing capabilities. The undoubted growth in volume which the first half figures display testifies to the success the company has achieved so far in getting the right product at the right price. Other new lines are being planned including something aimed specifically at young teenagers timed for next Christmas. The shares continued to march into higher ground on yesterday's announcement and at 138p they stand on a fully-taxed prospective p/e of 14 and yield perhaps 4 per cent. With an asset backing of around 45p a share that can look a demanding price but is sustainable as long as the combined abilities of Messrs. Sugar, Rice and Mould can keep Amstrad moving forwards fast.

BPM increases interim despite setback

A DIVE in taxable profits from £3.46m to £1.45m for the half-year ended December 28, 1980, is reported by BPM Holdings, the printer and publisher of newspapers including the Birmingham Post and Mail.

However, the interim dividend is being raised from 1.4375p to 1.58125p net and the directors expect to be able to maintain their dividend policy despite the downturn in profits.

Last year a total of 5.25p was paid from a pre-tax surplus of £5.74m.

Sir Michael Clapham, chairman, says the profits setback illustrates vividly the effect of the cyclical fall in newspaper advertising as a result of the recession.

The daily and Sunday newspapers were hardest hit, and together barely broke-even at the end of 1980. However, the weekly papers in the West Midlands performed creditably though not matching last year, while those in London almost maintained profit levels.

The expanding Supercards subsidiary increased its profits, and Arthur Woollacott, the associate, improved its performance. But retailing profits of T. Dillon and Co. fell short of last year's as did those of other subsidiaries.

Group turnover for the half-year increased from £33.3m to £38.28m. Stated earnings per £1 share were well down at 26.1p (68.3p) after a reduced tax charge of £296,000 (£590,000).

Pre-tax profits on a CCA basis are shown as £572,000 for the six months.

The board has declared its intention to elect Mr. Robert Iliffe as chairman from January 1, 1982.

● comment

The results from BPM are grim and show no signs of improving in the second half. The group may score around £3m pre-tax for the full year, against last year's £5.7m. Behind the hard times is a painful decline in advertising volume which has sent daily and Sunday papers down from a profit of £1m in the first half of last year to break-even this time. Advertising volume on the Evening Mail seems to have fallen 17 to 18 per cent, while the across-the-board slump is 15 per cent. Situations-vacant is down a staggering 70 per cent, reflecting the UK job market. Meanwhile Supercards managed a £100,000 rise to £400,000 in six months on the back of 20 new outlets and a good Christmas card market. But Mallows, the retail business with 28 shops, saw its first-time five-month contribution of £70,000 wiped out by interest and T. Dillon just about held its own. The group is nontheless increasing its interim payout by 10 per cent and a similar rise in the final could lead to a yield of nearly 12 per cent at 70p, down 3p—at least shareholders can look to a reasonable return. As for the p/e, this could be a prospective 9.

Olives Paper Mill plunges into loss at year end

WITH PRE-TAX losses for 1980 totalling almost £0.4m, against profits of £0.34m previously, Olives Paper Mill is not paying a dividend for the year. In 1979, an interim of 0.73p net was folowed by a final of 0.77p per share.

At the interim stage, the paper manufacturer reported a slump in taxable profits from £158,130 to £5,436.

During recent months the directors have taken harsh measures to stem the losses and, as the de-stocking process runs its course, demand is slowly beginning to improve. With the benefit of higher prices, they feel they have reason to be more optimistic.

It would be imprudent to forecast the outcome of this year, the directors state, but with the continued support of its bankers, they look forward to the future in the knowledge that the company is in better shape than ever to take full advantage of an upturn in trade.

Turnover for 1980 dropped from £5.41m to £5.03m. After a tax credit of £438,820 (£105,537 charge) which included write back of stock relief of £142,189, there were net profits of £42,126, compared with £236,483. An extraordinary debit of £18,936 this time represented net cost of redundancies.

Earnings per 20p share tumbled from 7.38p to 0.72p.

Local yearling bonds issued total £10.75m

Yearling bonds totalling £10.75m at 12¾ per cent redeemable on March 3, 1982 have been issued this week by the following local authorities:

Daventry DC (£0.75m); Rotherham (Metropltn. Borough of) (£0.5m); Bassetlaw DC (£0.5m); Brent (London Borgh. Of) (£0.5m); Calderdale (Metpn. Borgh. Of) (£0.5m); Gateshead (Borgh. Council Of) (£0.25m); Hambleton DC (£0.3m); Mansfield DC (£0.45m); Purbeck DC (£0.5m); Redbridge (London Borgh. Of) (£0.5m); Solihull (Metroptn. Borgh. Of) (£0.5m); Cyngor Dosbarth Dwyfor (£0.5m); Islwyn BC (£0.5m); Kensington & Chelsea (Royal Borgh. Of) (£0.5m); Mid Sussex DC (£0.5m); South Yorkshire Passenger Transport Executive (£0.5m); Tunbridge Wells BC (£0.5m); Waveney DC (£0.75m); Arun DC (£0.5m); Chester-Le-Street DC (£0.25m); Cumnock & Doon Valley DC (£0.5m); Northampton BC (£0.5m).

Newcastle Upon Tyne (City Of) has issued £1m of 13¾ per cent bonds for redemption on February 19, 1986. Eastbourne BC has issued £0.25m of 13¼ per cent bonds for redemption on February 20, 1985 and Barnsley Metropolitan BC has issued £1m of 12¾ per cent bonds for redemption on March 3, 1983.

Harrisons & Crosfield in $50m chemicals purchase

Harrisons and Crosfield, the plantations group, is to pay about $50m (£22.4m) for part of the chemicals business of North American Philips, the diversified manufacturing group.

The proposed purchase will include the industrial chemicals, textile maintenance, and pest control operator divisions of Thompson-Hayward Chemical Company, part of the U.S. group.

Harrisons and Crosfield already has chemical distribution companies in Canada and the U.S. and will be acquiring businesses with sales worth about $200m from North American Philips.

The divisions being bought from Philips are mainly in chemicals distribution, with only a small manufacturing element.

Not included in the deal are Thompson-Hayward's agricultural and nutrition and health divisions.

Just over 60 per cent of North American Philips is owned by Hartford National Bank and Trust Company as trustee of the U.S. Philips Trust. Shareholders of Philips of the Netherlands are beneficiaries of the U.S. trust.

Harrisons and Crosfield recently announced an offer for the outstanding 53.4 per cent of London Sumatra Plantations, which values the shares it does not own at £28.4m.

In 1979, Harrisons and Crosfield's total turnover was £639m, of which the chemical division contributed £123m. Last June, it launched a £50m rights issue, following a rise in borrowings and in line with plans to expand on the chemical side.

The Kuwait Investment Office owns nearly a tenth of the company.

PEACHEY/AVENUE

The offer of 85½p from **Peachey Property Corporation** for Avenue Close fairly reflects the company's net asset value of 81p with a probable extra 6.5p attributable to changes in the value of some investment properties, shareholders are told in the official offer documents.

The board, which controls 63.7 per cent of Avenue Close, has already agreed to the bid.

The documents show that Avenue Close has borrowings of £1.95m. A pro forma balance sheet consolidating both companies' assets reveal properties of £70.8m, net tangible assets of £55.6m and net borrowings of about £5m.

ASSOCIATES DEAL

Baring Brothers sold 2,500 ordinary shares in **Harrisons and Crosfield** on February 23 at 8¼p for discretionary investment clients.

On February 24 as an early bargain for the following day, Capel-Cure Myers, as broker to, and on behalf of Starwest Investment Holdings bought 25,000 **R. and W. Hawthorn, Leslie** shares at 144p.

Marshalls Halifax in £1.13m deal

IN A £1.13m deal, **Marshalls (Halifax)**, the concrete products, rock drilling and handling equipment group, is acquiring the 40 per cent minority share holding in its subsidiary, **R. Wild**, from **Marchwiel**, together with certain items of plant and freehold land and property.

The consideration is being satisfied as to £1.09m by the issue of 1,319,819 new 25p ordinary shares in Marshalls, placed by Savory Milln. The balance of £40,000 is to be paid in cash on completion of the transfer of certain freehold property.

Wild, which is based at Ramsbottom, Lancs, manufactures kerbing and paving stones.

Pre-tax profit for the year to March 31, 1980, was £749,725, with net tangible assets of about £2.4m.

The acquisition will give the group greater flexibility in the operation of the concrete division, says Mr. David Marshall, the chairman. It will also provide an opportunity to expand the company.

Rossminster sells half of its Jacksons Bourne End stake

Rossminster Group, the controversial financial consultancy group, has sold just under half of its 60.1 per cent interest in Jacksons Bourne End, the fibreboard and plastic moulding group, to Avonwalk, a direct subsidiary of the group created earlier this month.

The number of shares sold amounted to 311,719, representing 29.3 per cent of the Jacksons equity.

Rossminster said yesterday that this move was part of an internal reorganisation connected with the unwinding of the group's affairs. There was "no present intention" to transfer the rest of the Jacksons holding.

Rossminster announced last November that it was to close all its wholly owned subsidiaries in the UK, including the parent company and Rossminster Properties.

Mr. Ronald Plummer said then that "the decision to close down has been taken because of the inevitable loss of confidence" in the group following an Inland Revenue raid in July.

Attracted by Jacksons' property development potential, Rossminster moved into the group in early 1979. It purchased a 29.5 per cent stake in the company from Guinness Peat, the merchant banking and commodity group, which with an existing stake took its holding up to 58 per cent.

This triggered a full bid under the City Takeover Code and acceptances raised its holding to 60.1 per cent.

Estates and Agency plans £4.5m takeover

Estates and Agency, the property investment group, proposes to buy a private property investment company, **Edgbaston Investment Trust**, for £4.55m.

The deal, which requires shareholders' approval, will involve £3.04m in cash, financed by a five-year bank loan, and the issue of 1.3m shares.

Edgbaston's directors intend to keep the shares as a long-term investment.

Estates and Agency say that Edgbaston's property portfolio was valued last October at £6.92m and net assets at that date were £6.03m, compared with a book value in the accounts for the year to March 31 of £3.22m. Pre-tax profits over that period were £113,891.

Edgbaston's main property is a 63,000 sq ft shop and office unit in Tottenham Court Road, London.

LOAN NOTE ALTERNATIVE FOR WHITLEY BAY

Shareholders in **Whitley Bay Entertainments** are to be offered a loan note alternative to the 280p cash per share bid from Mr. and Mrs. Claude Cooper, who now own 5 per cent of the ordinary capital.

Samuel Montagu, advisers to to the Coopers, said yesterday that the notes would be secured by a bank guarantee and carry interest at market rates. The alternative offer is aimed at easing the capital gains tax liability of accepting Whitley Bay shareholders.

The Coopers' bid of £1.38m exceeds the £1.05m, or 215p a share, being offered by the Granada television and leisure group. They bought a further 4,320 Whitley shares yesterday to bring their stake up to 24,345 shares (5 per cent). Their formal offer document is to be posted in a few days.

CAPITAL & COUNTIES FORMS NEW COMPANY

Capital and Counties Property Company announces the formation of a new wholly-owned subsidiary in Atlanta, Georgia, to carry out property developments and investments.

The new company, **Capcount America Incorporated**, will initially be concentrating on a small development scheme which will be sold on completion.

LEADENHALL STERLING

Through its subsidiary Newbold and Bulford, **Leadenhall Sterling** has acquired Parisian Opera and Field Glass Company for a nominal consideration. Parisian imports and markets a range of optical goods which are complementary to N and B's products.

The trade has been transferred to N and B's premises and will be continued under the Parisian name with the immediate objective of increasing sales above the previously achieved level of £190,000 a year.

PETBOW HOLDINGS

Petbow Ltd., a subsidiary of **Petbow Holdings**, has reached agreement to acquire **P. H. Electronics**, a private company which designs, manufactures and sells electronic control units. Consideration will be £165,000, deferred over a period of five years (interest free) against loan notes. At its last balance sheet date, P. H. Electronics had net assets of £43,000 (before deferred tax of £16,000) and its net profits were £24,000.

SHARE STAKES

Allied Plant Group—Menteith Investment Trust has acquired 700,000 ordinary shares and now holds 1m ordinary (6.67 per cent).

Cantors — J. Davis, managing director, has acquired 78,044 "A" ordinary shares.

Central Manufacturing and Trading—Caparo Group acquired 254,631 shares at 55p making holding 12,218,420 (49.9 per cent).

Graig Shipping — Cluff Oil holds 56,049 shares (14 per cent) and not 62,049 as previously reported.

McLeod Russel and Co.—Assam Trading Holdings bought 12,500 shares on February 18 making holding 1,553,535 (38.57 per cent).

New Darien Oil Trust — Merchant Navy Officers Pension Fund Trustees have acquired 250,000 shares making holding 600,000 (6 per cent).

Transparent Paper — Menteith Investment Trust sold on February 20 total holding of 825,000 shares (11.3 per cent).

F. Wrighton in bid discussions

THE SHARES of F. Wrightson and Sons (Associated Companies), the lossmaking fitted kitchen group, soared 23p to 65p on the London Stock Exchange yesterday following news that the company was engaged in bid talks. At this level the company is valued at £2.93m.

Wrighston announced that "discussions were taking place which may lead to an offer being made for the whole of the issued share capital of the company."

County Bank, the group's adviser, said yesterday that the negotiations, which are understood to have started last week, "have reached a point where it was reasonably confident that an offer is going to be made." A further statement is expected to be made within the next two weeks.

With the Wrighton family controlling some 60 per cent of the company's shares any deal would have to be an agreed one. The Pearl Assurance company and the Prudential Assurance Corporation each have a 6.66 per cent stake.

In the year 1979-80 the group—which sells its domestic furniture under the Wrighton label—reported profits down from £491,000 to £206,000. In the first half of the current year there was a loss of £180,000 (£60,000) reflecting reduced demand—particularly from the construction industry, and to a lesser extent from the retail trade.

Apart from this, Wrighton had been hit by an increase in interest charges—from £54,000 to £162,000—following heavier borrowings connected with the move of the manufacturing operation from Walthamstow in London to Nazeing in Essex.

The director said that the rest of the year was unlikely to provide significant changes in the level of demand which they expected to remain constant until the recession showed signs of abating. In addition, they said that benefits from the reorganisation would not be realised this year.

Throgmorton reaches compromise

BY ALAN FRIEDMAN

AGREEMENT has been reached between the Boards of the Throgmorton Trusts and the Charterhouse Group to establish a new management company in order to avoid what Throgmorton last week called a "conflict of interest."

The controversy concerned a petition which Throgmorton had filed against "The Charterhouse Japhet Bill," a piece of enabling legislation which is to implement Charterhouse's £43m takeover of Keyser Ullmann, Throgmorton's parent.

Throgmorton has now withdrawn its objection, and the Bill is likely to proceed in Parliament unopposed.

Mr. Geoffrey Rowett, chief executive of Charterhouse, said yesterday that the compromise had been agreed at a meeting on Tuesday evening. He confirmed that it was a new agreement and not the original proposal made by Charterhouse last month.

"We never believed there was any conflict of interest anyway. This was more of a fear by Throgmorton of a new and larger merchant bank," he explained. Mr. Rowett voiced his confidence that the newly-formed management company, to include representatives of the Boards of the three Throgmorton trusts and Charterhouse Japhet, would avoid any conflict of interest.

Mr. Rowett added that the petition by Throgmorton had been a "delaying factor" and the Charterhouse-Keyser Ullmann merger was now "back on schedule."

The new management structure would maintain the independence and continuity of the Throgmorton Trusts and would "create the opportunity for their future development."

Throgmorton had earlier described its objections as a "legal precaution" rather than an attempt to block the merger.

Gold Fields' Australian merger

BY KENNETH MARSTON, MINING EDITOR

IN A MOVE to revitalise its present somewhat unwieldy Australian interests, London's **Consolidated Gold Fields** plans to amalgamate them into one major mining house. In the process the group would become "Australianised," with the UK parent's holding falling from the present 70 per cent to just under 50 per cent, reports **James Forth** from Sydney.

The companies involved are **Consolidated Gold Fields Australia**; **Renison**, the largest underground tin producer in the world; **Mount Lyell Mining and Railway Company**, a copper producer; and **Associated Beach Minerals Consolidated**, the largest beach sand minerals operation in the world.

CGFA currently holds 53.3 per cent of the Tasmania-based Renison, 56.1 per cent of Mount Lyell, which is also a Tasmania company, and 62.2 per cent of Associated Minerals.

It is proposed to merge these four companies under schemes of arrangement, but full details are not expected for at least a week. The proposals will then have to be put to shareholders in all of the companies concerned. Australia's Foreign Investment Review Board approval will also be required.

The plan was announced after Sydney stock market speculation about a bid by CGFA for Renison caused the latter's share price to jump A$2.20 to A$10, prompting a query by the exchange.

A merger would considerably simplify the structure of the operations, and also provide cash management benefits. In a merged group, losses of one activity can be offset against income from another, and the cash flow from profitable activities can be used to furnish funds for income-generating development. This is not possible under the present structure.

An amalgamation would also create a group with increased borrowing capacity, better placed to meet the demands of the large-scale resource developments planned in Australia.

Beyond that, the raising of the Australian interest to above the 50 per cent level would mean that the group could participate in new mining developments where the Federal Government guidelines specify a minimum local equity content of 50 per cent.

The merged group would have total assets of some A$250m (£130m) and combined earnings of around A$35m.

Not all of the London parent company's Australian operations are involved in the plan. Consolidated Gold Fields intends to retain its direct interest in the Mount Goldsworthy iron ore joint venture in Western Australia, and, for the time being at least, its direct stake of 4.8 per cent in Renison.

The London company has clearly decided that the two-tier structure, which works so well in South Africa where its interests are held through the 46 per cent-owned Gold Fields of South Africa, is not appropriate for Australia.

CGFA also released its results for the half-year to December 31 yesterday, which showed a fall in net profits to A$5.7m from A$8m. The 1978-79 profits were further boosted by an extraordinary credit of A$12.74m reflecting the sale of the Bellambi coal operation.

Despite the 28 per cent fall in latest profits, CGFA is increasing the interim dividend to 13 cents a share from 10 cents, on earnings of 21.1 cents against 29.5 cents.

Renison, the group's major profit-earner, turned in a lower contribution largely as a result of a month-long strike, and Associated Minerals slipped into loss.

CGFA made no forecast for the remainder of the year, but it does expect some benefit from the expansion of capacity at Renison, and a better showing by AMC.

Renison shares leapt ahead in London yesterday, closing 75p higher at 500p. CGFA put on 40p to 360p, AMC gained 20p to 110p and Mount Lyell were 11p up at 95p.

Charter pays BP £25m for Shand group

THE PURCHASE of the Alexander Shand coal mining and engineering group by Charter Consolidated from British Petroleum for £24.8m is announced together with a $10.25m (£4.6m) U.S. acquisition by Charter's **Pandrol International** railway track subsidiary.

Shand was formerly owned by the Selection Trust group and at the time of the latter's takeover by BP last year it was agreed that discussions would take place for the possible acquisition of Shand by Charter.

It was also agreed that Charter, which held 25.7 per cent of Selection Trust, would seek one or more participations in BP's North Sea oil interests. It is understood that negotiations on this are still going on between the two parties.

The Shand group, which made a pre-tax profit of £4.6m last year, is one of the largest producers of open-cast coal under contract to the National Coal Board and has extensive ancillary operations. The intention is that Shand will develop open-cast coal mining overseas, both on contract and for its own account.

An example of the scope for this type of business was reported here yesterday with the news of a Philippines coal mining project headed by Burnett and Hallamshire, a company which at one time was thought to be on Charter's new investment shopping list.

As part of the Shand deal Charter will acquire the U.S. Fulton coal mine in Indiana which recently reached production at an annual rate of 250,000 tonnes. Fulton will be a spring-board for development in open-cast mining in the U.S.

Pandrol (formerly Elastic Rail Spike) makes and supplies railway line fasteners throughout the world. It is participating in an equal joint venture with the Panetti group of Geneva to acquire Speno Rail Services, a leading U.S. rail track maintenance company.

Inco sees no pick-up before second half

CANADA'S **Inco** nickel giant sees no substantial improvement in its results before the second half of this year. In the annual report the chairman and president point to the expected slow rates of growth in the world's industrialised economies and say that continued rigorous financial control will be needed to maintain the company's earnings improvements of the past two years.

Last year Inco's net earnings rose to US$219.4m (£98.2m) after losses of $63.9m—mainly in interest charges—at the Indonesian and Guatemalan operations. A small operating profit was made in Indonesia but not in Guatemala where the operations are now closed down for this year.

The cost of the Guatemala close-down in 1981 will be some $30m in depreciation, interest and the cost of maintaining the facilities on a stand-by basis. But the closure is still expected to result in cash savings of $40m.

Inco's capital spending this year is expected to rise to about $200m from $191.5m in 1979. The company expects to be able to meet its 1981 cash requirements mainly from internally generated funds and short-term debt.

The group is well placed to take advantage of the eventual recovery in metal demand with ore reserves in Canada alone holding some 8.1m short tons of nickel and 4.9m tons of copper. But Inco also aims to generate one-third of total earnings from interests outside the traditional metals business by the end of this decade.

Tax offsets aid Lornex

THANKS TO reduced tax charges, partly arising from a rise in tax deductable capital expenditure, the **Rio Tinto-Zinc** group's Canadian molybdenum producer, **Lornex Mining**, has come out of 1980 with increased net earnings of C$65.1m (£24.3m) compared with C$57.6m in 1979.

At the pre-tax stage, however, earnings fell to C$108.9m against C$125.9m in 1979. After a buoyant first quarter, profits of Lornex weakened on a combination of lower prices for molybdenum, reduced copper production and increased operating costs.

On the other hand, offsetting factors included higher prices received for copper and silver over the year, a significant rise in investment income and an 8.5 per cent increase in production of molybdenum.

The current year has started with low metal prices, but Lornex can look forward to the completion in mid-year of its C$160m expansion programme which will raise production capacity by about 68 per cent.

A stake of 68.1 per cent in Lornex is held by Rio Algom which, in turn, is 52.76 per cent owned by Rio Tinto-Zinc.

ROUNDUP

The Line Creek coal mine in the Crows Nest Pass area of south-east British Columbia will cost C$180m (£67m) to develop, and will provide more than 450 permanent jobs, according to the owner, Shell Canada.

The first phase is expected to be operational in 1982, when the mine will start supplying 750,000 tonnes of thermal coal a year to Korea Electric Company. The following year, deliveries of 1m tonnes of metallurgical coal a year to a consortium of Japanese steelmakers will begin.

* * *

Mr. J. D. Hellings, chairman of the UK-registered **Pengkalen**, which operates a single-dredge tin mining operation in Malaysia, said in his annual statement that prospects for the current year are for "very moderate" production from the limited amount of previously-dredged ground available for treatment.

The company's dredge sank on January 9 and settled at a depth of 20 feet below the surface. Salvage, repairs and rehabilitation will take several months to complete, Mr. Hellings said.

Pre-tax profits for the year ended September 30 fell to £123,250 from £302,282.

Oakbridge ahead midway

A SHARP improvement in the contribution from the mining division has lifted profits of **Oakbridge**, the Australian coal, tin and manufacturing group, for the first half of the current year.

Net profits were A$3.47m (£1.8m), 31.4 per cent ahead of the corresponding six-month period.

Earnings per share came out at 5.3 cents, and the interim dividend is an unchanged 3 cents on increased capital.

The mining division contributed A$2.16m, up from A$463,000, with tin operations accounting for the major proportion of that. The group's coal activities made a small profit, compared with a loss last time.

In the year to June 30, 1980, Oakbridge made net profits of A$4.44m for earnings of 13.8 cents a share, and paid dividends totalling 12 cents. Mr. Grahame Mapp, chairman, said in the last annual report that he expected a substantial rise in the second half of this year.

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
GM C	$50	—	—	15	3	—	—	$48⅜
		April		July		Oct.		
ABN C	F.280	20	19	—	—	—	—	F.294.50
ABN C	F.300	56	7.20	35	8.50	—	—	"
ABN C	F.320	29	2	1	3.50	—	—	"
AKZO C	F.17.50	65	1.30	22	2.30	—	—	F.18.30
AKZO C	F.20	188	0.60	98	1.20	12	1.90A	"
AKZO C	F.22.50	4	0.20	70	0.50	—	—	"
AKZO P	F.17.50	7	0.60	—	—	12	1.30	"
AKZO P	F.20	—	—	110	2.30	—	—	"
AMRO C	F.55	—	—	—	—	3	4	F.57
AMRO C	F.60	4	0.60	—	—	—	—	"
HEIN C	F.50	—	—	4	4.50	3	5	F.60
HEIN P	F.60	—	—	1	4	—	—	"
HOOG C	F.15	1	3.10A	20	3.50	—	—	F.17.80
HOOG C	F.17.50	—	—	—	—	5	2.20	"
HOOG C	F.20	—	—	—	—	5	1.10	"
IBM C	$60	6	4⅝	—	—	—	—	$62⅞
IBM C	$65	—	—	—	—	3	5½	"
IBM C	$70	3	⅝	—	—	—	—	"
KLM C	F.60	2	19.50B	—	—	—	—	F.79.20
KLM C	F.70	78	10.30	12	11.50	—	—	"
KLM C	F.80	37	5	102	6.50	—	—	"
KLM P	F.70	13	1.80	10	3	—	—	"
KLM P	F.80	—	—	10	7.50	—	—	"
NATN C	F.120	—	—	3	9.50	—	—	F.125.20
NATN C	F.125	4	3	—	—	5	6	"
PETR C	Fr.5000	—	—	5	140	—	—	Fr.4820
PETR C	Fr.5500	—	—	1	60	—	—	"
PHIL C	F.15	38	4.60B	6	4.70	—	—	F.19.50
PHIL C	F.17.50	208	2.30	51	2.70	34	3.10	"
PHIL C	F.20	82	0.70	191	1.20	30	1.70	"
PHIL P	F.20	—	—	28	1.80	—	—	"
POLA C	$35	—	—	—	—	1	1⅜	$24⅛
OLIE C	F.190	3	18.50B	—	—	—	—	F.206.50
OLIE C	F.200	119	12.70	—	—	1	18B	"
OLIE C	F.220	194	3.50	20	6.80	20	9.50B	"
OLIE C	F.240	132	0.60	55	2.90	—	—	"
OLIE P	F.180	5	0.40	—	—	—	—	"
OLIE P	F.190	37	1.80	2	5A	—	—	"
OLIE P	F.200	132	3.80	15	9.50	—	—	"
OLIE P	F.220	27	15	—	—	—	—	"
ATT C	$50	3	2¾	—	—	—	—	$51⅞
UNIL C	F.130	30	6	5	6.50B	—	—	F.133.30
EXON C	$70	—	—	6	5¾	—	—	$70⅛
EXON C	$80	—	—	10	1¾	—	—	"
		May		Aug.		Nov.		
BOEI C	$35	14	2⅛	10	4	—	—	$34⅜
BOEI C	$40	—	—	15	1⅞	—	—	"
BOEI C	$45	—	—	1	1	—	—	"
SLUM C	$110	20	6½	—	—	2	14	$107½
SLUM C	$120	21	2½	2	6½	—	—	"
SLUM C	$130	—	—	1	4¼	—	—	"
VW C	DM.150	—	—	2	5	—	—	DM148.50

TOTAL VOLUME IN CONTRACTS 3631

A=Asked B=Bid C=Call P=Put

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar easier

Dollar weakened slightly in nervous, but less active foreign exchange trading. Interest rates continued to dominate market sentiment, with Eurodollar interest rates showing a slight fall on balance. Euromark rates continued to rise despite the steadier trend in German domestic interest rates following the establishment of a Lombard rate of 12 per cent. In the forward market the D-mark's premium against the dollar narrowed further as a reflection of Eurocurrency movements, and the German currency remained at a forward discount in terms of sterling.

Sterling continued to lose ground against the dollar and other major currencies in expectation of a sharp fall in Bank of England Minimum Lending Rate in the near future.

European currencies remained volatile within the European Monetary System, with the French franc staying at the top of the system ahead of the weakening guilder and sharply rising D-mark.

DOLLAR — trade weighted index (Bank of England) fell to 99.6 from 99.8. The dollar declined to DM 2.1060 from DM 2.1160 against the D-mark, after touching a low of DM 2.0920. It fell to SwFr 1.9150 from SwFr 1.9175 in terms of the Swiss franc, but improved slightly to Y207.25 from Y206.90 against the Japanese yen.

STERLING — trade-weighted index (Bank of England) fell to 99.2 from 99.5, after opening at 99.2 and remaining at that level at noon. The pound opened at $2.2360-2.2370, the highest level of the day, and fell to $2.2260-2.2270 before closing at $2.2280-2.2290, a fall of 55 points on the day. Sterling fell to DM 4.6950 from DM 4.7275 against the D-mark.

D-MARK—A sharp rise in German interest rates coupled with earlier intervention by the Bundesbank has led to a recovery by the D-mark. High foreign interest rates and Germany's considerable balance of payments deficit had previously put pressure on the D-mark against the dollar, and within the European Monetary System. Tension over Poland has added to the nervousness surrounding the German currency.—The D-mark was very firm at the Frankfurt fixing, but market conditions were uncertain against a background of nervousness about the future trend in German interest rates. Fears of a further suspension of the Lombard facility was the factor behind the nervous conditions. The Bundesbank did not intervene when the dollar fell to DM 2.1018 from DM 2.1040 at the Frankfurt fixing, while sterling eased to DM 4.6910 from DM 4.7170. The French franc declined to DM 42.64 per 100 francs from DM 42.8350.

BELGIAN FRANC—Very weak within the EMS, leading to an upward trend in interest rates and Government austerity measures causing considerable industrial unrest. On the other hand many of Belgium's severe economic problems are shared by other European countries and this has helped avoid the often-rumoured devaluation of the franc—The franc fell below its alarm bell limit within the EMS yesterday, where the Belgian authorities are obliged to take corrective action. The National Bank increased the interest rate on short-term Treasury certificates for the fourth time this month, but kept the central bank discount rate unchanged at 12 per cent at its weekly council meeting. The franc lost ground to the D-mark at the Brussels fixing, falling to BFr 16.3275 from BFr 16.2500, against a lowest permitted level to BFr 16.3955. It was unchanged at BFr 6.9595 against the Belgian franc.

THE POUND SPOT AND FORWARD

Feb. 25	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2260-2.2370	2.2280-2.2290	0.15-0.25c dis	−1.08	2.10-2.20dis	−3.86
Canada	2.6640-2.6740	2.6660-2.6670	0.65-0.75c dis	−3.15	2.75-2.90dis	−4.24
Nethlnd.	5.15-5.20	5.18-5.19	2¼-1¾c pm	4.05	3¼-2¾ pm	2.12
Belgium	76.15-76.70	76.35-76.45	6c pm-4 dis	0.16	17-27 dis	−1.15
Denmark	14.58-14.69	14.66-14.67	1⅞-⅛ore pm	0.87	4⅞-6 dis	−1.38
Ireland	1.2690-1.2800	1.2780-1.2795	0.07-0.16p dis	−1.08	0.66-0.78dis	−2.25
W. Ger.	4.67-4.71	4.69-4.70	¼pf pm-¾ dis	−0.64	¾-1¾ dis	−1.06
Portugal	125.30-126.00	125.65-125.85	90c pm-30 dis	2.86	105-130 dis	−3.74
Spain	191.30-192.00	191.60-191.80	5c pm-60 dis	−1.72	220-300 dis	−5.42
Italy	2,249-2,264	2,257-2,259	4¼-6¾ lire dis	−2.79	30¼-33¼ dis	−5.62
Norway	11.98-12.03	12.00-12.01	1½-½ore pm	0.94	½-2½ dis	−0.56
France	10.97-11.04	11.02¾-11.03¾	2½-1½c pm	2.17	1-2 dis	−0.54
Sweden	10.23-10.28	10.25-10.26	2¼-3¼ore dis	−3.14	12¾-13¾ dis	−5.17
Japan	460-466	461½-462½	2.15-1.75y pm	5.06	3.95-3.45 pm	3.20
Austria	33.15-33.30	33.23-33.28	6-3½gro pm	1.71	4 pm-3½ dis	0.03
Switz.	4.23½-4.28½	4.26½-4.27½	2½-1½c pm	5.62	4½-3½ pm	3.75

Belgian rate is for convertible francs. Financial franc 78.05-78.15. Six-month forward dollar 4.70-4.80c dis. 12-month 7.80-8.00c dis.

THE DOLLAR SPOT AND FORWARD

Feb. 25	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2260-2.2370	2.2280-2.2290	0.15-0.25c dis	−1.08	2.10-2.20dis	−3.86
Ireland†	1.7455-1.7580	1.7455-1.7475	0.08-0.15c dis	−0.79	0.85-0.92dis	−2.02
Canada	1.1957-1.1973	1.1970-1.1973	0.10-0.15c dis	−1.25	0.09-0.14dis	−0.38
Nethlnd.	2.3040-2.3285	2.3255-2.3285	1.15-1.05c pm	5.67	3.70-3.60 pm	6.27
Belgium	34.20-34.37	34.29-34.31	7-5c pm	2.09	27-23 pm	2.90
Denmark	6.5640-6.5875	6.5700-6.5750	1.65-1.15ore pm	2.56	5.10-4.60 pm	2.95
W. Ger.	2.0920-2.1120	2.1055-2.1065	0.15-0.05pf pm	0.57	1.48-1.38 pm	2.72
Portugal	56.10-56.85	56.65-56.85	25c pm-15 dis	1.06	60 pm-25 dis	1.24
Spain	85.85-86.25	85.85-85.95	15c pm-5 dis	0.70	5 pm-25 dis	−0.46
Italy	1,009-1,016	1,014-1,016	1¼-2 lire dis	−1.92	4½-6 dis	−2.07
Norway	5.3780-5.3940	5.3850-5.3880	1.40-0.90ore pm	2.56	5.30-4.80 pm	3.75
France	4.9200-4.9575	4.9400-4.9475	1.40-1.25c pm	3.22	4.20-3.95 pm	3.30
Sweden	4.5960-4.6075	4.6015-4.6040	1.00-1.15ore dis	−2.80	1.80-1.95dis	−1.63
Japan	207.00-208.00	207.20-207.30	1.25-1.10y pm	6.80	3.95-3.80 pm	7.48
Austria	14.80-14.92	14.87-14.89	5.30-4.60gro pm	3.99	17.25-14.75pm	4.30
Switz	1.8960-1.9230	1.9145-1.9165	1.18-1.10c pm	7.14	4.02-3.92 pm	8.29

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Feb. 25	Bank of England Index	Morgan Guaranty Changes%
Sterling	99.2	−27.0
U.S. dollar	99.6	−4.3
Canadian dollar	84.8	−18.4
Austrian schilling	116.0	+22.0
Belgian franc	107.7	+9.6
Danish kroner	90.0	−9.9
Deutsche mark	120.5	+40.0
Swiss franc	135.1	+75.5
Guilder	112.5	+15.9
French franc	85.9	−9.4
Lira	61.3	−55.5
Yen	146.6	+42.4

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Feb. 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.544214	0.542816
U.S. $	13	1.23357	1.21591
Canadian $	17.14	1.47564	1.45762
Austria Sch.	6¾	18.3531	18.0805
Belgium F.	12	42.1958	41.5597
Danish K.	11	8.08297	7.95203
D mark	7½	2.59543	2.55523
Guilder	8	2.85448	2.80996
French Fr.	9½	6.06178	5.97436
Lira	16½	1243.44	1225.03
Yen	7¼	256.953	252.058
Norwgn. Kr.	9	6.64894	6.54786
Spanish Pts.	8	105.748	104.254
Swedish Kr.	12	5.67529	5.58369
Swiss Fr.	4	2.34526	2.31326
Greek Dr'ch.	—	—	61.4884

OTHER CURRENCIES

Feb. 25	£	$		£ Note Rates
Argentina Peso	5011-5031	2247-2257	Austria	32.95-33.35
Australia Dollar	1.9160-1.9200	0.8610-0.8615	Belgium	77.30-78.10
Brazil Cruzeiro	159.18-160.18	71.51-71.87	Denmark	14.55-14.70
Finland Markka	9.014-9.031	4.0540-4.0560	France	10.93-11.03
Greek Drachma	112.863-113.808	50.30-50.60	Germany	4.67-4.72
Hong Kong Dollar	11.797-11.827	5.2850-5.2900	Italy	2260-2380
Iran Rial	167.60*	74.70*	Japan	462-468
Kuwait Dinar(KD)	0.609-0.615	0.2737-0.2742	Netherlands	5.14-5.19
Luxembourg Frc.	76.35-76.45	34.29-34.31	Norway	11.99-12.09
Malaysia Dollar	5.1010-5.1160	2.2870-2.2900	Portugal	122-125
New Zealand Dlr	2.4065-2.4115	1.0810-1.0820	Spain	188½-199½
Saudi Arab. Riyal	7.42-7.48	3.3380-3.3400	Sweden	10.24-10.34
Singapore Dollar	4.6805-4.6955	2.0985-2.1015	Switzerland	4.24½-4.29
Sth African Rand	1.7360-1.7380	0.7790-0.7800	United States	2.22-2.24
U.A.E. Dirham	8.17-8.23	3.6705-3.6725	Yugoslavia	78½-82

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.6191	+4.60	+1.64	±1.53
Danish Krone	7.72336	7.97104	+3.21	+0.25	±1.64
German D-Mark	2.48208	2.54806	+2.66	−0.30	±1.125
French Franc	5.84700	5.97979	+2.27	−0.69	±1.3557
Dutch Guilder	2.74362	2.81502	+2.60	−0.36	±1.512
Irish Punt	0.668201	0.692164	+3.59	+0.63	±1.668
Italian Lira	1157.79	1226.27	+5.91	+3.74	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Feb. 25	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.229	4.695	462.0	11.033	4.270	5.185	2258.	2.667	76.40
U.S. Dollar	0.449	1.	2.107	207.3	4.951	1.916	2.327	1013.	1.197	34.28
Deutschemark	0.213	0.475	1.	98.40	2.350	0.909	1.104	480.9	0.568	16.27
Japanese Yen 1,000	2.165	4.824	10.16	1000.	23.88	9.242	11.22	4887.	5.772	165.4
French Franc 10	0.906	2.020	4.256	418.8	10.	3.870	4.700	2047.	2.417	69.25
Swiss Franc	0.234	0.522	1.100	108.2	2.584	1.	1.214	528.8	0.624	17.89
Dutch Guilder	0.193	0.430	0.905	89.10	2.128	0.824	1.	435.5	0.514	14.73
Italian Lira 1,000	0.443	0.987	2.079	204.6	4.886	1.891	2.296	1000.	1.181	33.84
Canadian Dollar	0.375	0.836	1.761	173.3	4.137	1.601	1.944	846.8	1.	28.65
Belgian Franc 100	1.309	2.917	6.145	604.7	14.44	5.589	6.787	2955.	3.490	100.

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 25)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 3/4	offer 16 7/8	bid 16 3/4	offer 16 7/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates of $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Feb. 25	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅛-14¼	14⅝-14⅞	16-17	8¾-9	3½-4	13-14	11-11¼	15½-17½	9-10	8¾-9¼
7 days' notice	14⅛-14¼	15-15¼	16-17	9⅛-9⅜	16½-17½	13-14	9¾-10¼	16-18	11¼-11½	8½-9
Month	13½-13⅝	14⅞-15⅛	16⅞-17⅛	9¾-9⅞	8⅞-9	13⅞-14⅛	11⅞-12⅛	16½-17½	12½-13	8⅝-8⅞
Three months	12[illegible]-12⅝	16⅛-16⅜	16⅞-17⅛	10[illegible]-10[illegible]	9-9⅛	13¾-14	13-13¼	18½-19½	13⅜-13⅝	8⅝-8⅞
Six months	12-12[illegible]	16⅛-16⅜	16⅛-16⅜	10[illegible]-10[illegible]	8⅜-8⅝	13-13¼	13[illegible]-13[illegible]	18½-19½	13¾-14	8½-8¾
One Year	12-12⅛	15¾-16	15⅜-15¾	10⅜-10⅝	7⅞-8	11⅞-12⅛	13[illegible]-13[illegible]	18½-19½	13¾-14	8½-8⅝

SDR linked deposits: one-month 13½-14 per cent; three-months 13½-14 per cent; six-months 13⅝-14⅛ per cent; one year 13⅝-13⅞ per cent.

Asian $ (closing rates in Singapore) one-month 14[illegible]-14[illegible] per cent; three months 16[illegible]-16[illegible] per cent; six-months 15⅞-16⅛ per cent; one year 15[illegible]-16[illegible] per cent. Long-term Eurodollars two years 15¼-15½ per cent; three years 15⅜-15⅝ per cent; four years 15-15¼ per cent; five years 14¾-15 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.40-15.50 per cent; three-months 15.85-15.95 per cent; six-months 16.05-16.15 per cent; one year 15.50-15.60.

INTERNATIONAL MONEY MARKET

Europe rates firm

Paris call money rose to its highest level since mid-October yesterday, following a further increase in the Bank of France money market intervention rate. The central bank raised the discount rate for seven day Treasury bills to 11½ per cent from 11 per cent less than a week after increasing the rate from 10⅞ per cent. This may reflect the concern of the French authorities to maintain the strength of the French franc in the European Monetary System, fearing that the recovery of the D-mark may be at the expense of the French currency. French day-to-day money rose to 11⅝ per cent from 11½ per cent.

The Belgian National Bank also moved to defend the Belgian franc yesterday, pushing up short-term Treasury certificate rates by ½ per cent. This was the fourth upward adjustment of the rates this month.

In Frankfurt call money was quoted at 11.75-12.25 per cent, compared with the new special Lombard rate of 12 per cent set by the Bundesbank. On Tuesday, before the announcement on the Lombard rate from the authorities, call money rose to 18 per cent in hectic trading. One-month money was 13.50-14.50, compared with 10.50-11 per cent; three-month at 13.50-14.50 per cent, compared with 11.25-11.75 per cent; six-month at 12.50-13.50 per cent, compared with 11-11.50 per cent; and 12-month at 12-12.75 per cent against 11-11.50 per cent.

UK MONEY MARKET

Small shortage

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

Short-term interest rates were slightly firmer in the London money market yesterday, with the discount houses buying rates for three-month Treasury bills rising to 11¾-11[illegible] per cent from 11[illegible] per cent, while the buying rate for three-month eligible bank bills increased to 11[illegible] per cent from 11¾ per cent. In the interbank market the shorter fixed periods showed little change, but longer term rates were slightly easier.

Day-to-day credit was in short supply, and the authorities gave a small amount of assistance by buying a small number of Treasury bills and a small amount of eligible bank bills from the discount houses.

The market was faced with maturing commercial bills on a small scale in official hands, but was helped by a small excess of Government disbursements over revenue payments to the Exchequer.

GOLD

Slight fall

Gold fell $2 to $498-501 in the London bullion market yesterday, finishing at the lowest level of the day. It opened around the day's peak of $505-508, and was fixed at $505.75 in the morning, and $500.50 in the afternoon. The market was quiet and cautious.

In Paris the 12½ kilo gold bar was fixed at FFr 87,000 per kilo ($548.60 per ounce) in the afternoon, compared with FFr 86,250 ($544.28) in the morning, and FFr 86,900 ($550.04) Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 34,305 per kilo ($507.02 per ounce) in the afternoon, against DM 34,175 ($505.58) previously, and finished at $500-503, compared with $501-504 on Tuesday.

In Zurich gold closed at $500-503, against $502-505 previously.

	Feb. 25		Feb. 24	
Gold Bullion (fine ounce)				
Close	$498-501	(£223¼-224½)	$500-503	(£224½-226)
Opening	$505-508	(£226½-228)	$500-503	(£225½-225)
Morning fixing	$505.75	(£226.692)	$503.75	(£224.038)
Afternoon fixing	$500.50	(£224.611)	$503	(£224.905)
Gold Coins				
Krugerrand	$512-514	(£229½-230½)	$518-520	(£231¾-232¾)
1/2 Krugerrand	$263-265	(£118-118¾)	$266-268	(£118½-120)
1/4 Krugerrand	$134-136	(£60-61)	$136-138	(£60¾-61¾)
1/10 Krugerrand	$55-56½	(£24½-25¼)	$56-57	(£25-25½)
Mapleleaf	$508-510	(£227¾-228¾)	$513-515	(£229½-230½)
New Sovereigns	$125-126	(£56-56½)	$126-127	(£56¼-56¾)
King Sovereigns	$152-154	(£68-69)	$151-153	(£67¾-68¾)
Victoria Sovs.	$152-154	(£68-69)	$151-153	(£67¾-68¾)
French 20,s	$165-168	(£74-75½)	$168-171	(£75¼-76½)
50 pesos Mexico	$638-657	(£285½-285¾)	$630-634	(£282-283¾)
100 Cor. Austria	$490-495	(£219¾-222)	$490-495	(£219¼-221½)
$20 Eagles	$634-639	(£284¼-286½)	$630-635	(£282-284¼)

MONEY RATES

NEW YORK

Prime Rate	18½-19
Fed. Fund	14-14½
Treasury Bills (13-week)	14.18
Treasury Bills (26-week)	13.67

GERMANY

Discount Rate	7.5
Overnight Rate	12.00
One month	14.00
Three months	14.00
Six months	13.00

FRANCE

Discount Rate	9.5
Overnight Rate	11.3125
One month	11.9375
Three months	12.9375
Six months	—

JAPAN

Discount Rate	7.25
Call (Unconditional)	8.625
Bill Discount (three-month)	[illegible]

LONDON MONEY RATES

Feb. 25 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	12-15	14¼-14½	-	—	14¼-14½	13¼-14	—	—	—
2 days notice	—	—	14⅛-14¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅛-14⅜	14¼	—	14¼	14½-14⅞	13⅞-14	—	—	—
One month	13[illegible]-13¼	13⅜-13⅝	13⅜-13⅝	14-13¾	13¾	13¾-13⅞	13	12[illegible]	13[illegible]	13[illegible]
Two months	12¾-12⅝	12[illegible]-12⅞	—	13¼-12⅞	13[illegible]	13¼	12¼-12½	12[illegible]-12[illegible]	12[illegible]-12⅝	12[illegible]
Three months	12[illegible]-12[illegible]	12¼-12[illegible]	12¼-12½	12⅝-12¼	12⅝	13	12	11[illegible]-11[illegible]	11	12½
Six months	12[illegible]-12[illegible]	12[illegible]-12¼	12-12⅜	12⅜-12⅛	12½	12[illegible]	—	—	11⅝	12
Nine months	12[illegible]-12	12-12⅛	—	12⅝-12⅛	12⅞	12¾	—	—	—	—
One year	12[illegible]-12	11[illegible]-12⅛	12¼	12⅜-12⅛	12⅞	12¾	—	—	—	—
Two years	—	—	12¾-12⅞	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13¾ per cent; four years 13¾-13⅞ per cent; five years 13⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅞ per cent; four-month trade bills 12½ per cent.

Approximate selling rate for one-month Treasury bills 12[illegible]-12¾ per cent; two-months 12[illegible]-12⅝ per cent; three-months 11[illegible]-11[illegible] per cent. Approximate selling rate for one-month bank bills 13¼-13⅛ per cent; two-months 12[illegible]-12[illegible] per cent; three-months 11[illegible]-11¾ per cent; one-month trade bills 13[illegible] per cent; two-months 12⅞ per cent and three-months 12¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from February 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11¾-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender of discount 12.302 per cent.

NOTICE OF REDEMPTION

To the Holders of

Mitsui Petrochemical Industries, Ltd.

8 per cent. Guaranteed Notes due 1984

NOTICE IS HEREBY GIVEN that, pursuant to Condition 5(A) of the above Notes, the undersigned will redeem on April 1, 1981 $1,000,000 aggregate principal amount of said Notes at their principal amount, together with interest accrued to the date of redemption.

The serial numbers of the Notes to be redeemed are as follows:

3	1437	3093	4683	5943	6939	10307	12507	14143	15531	17837	19266	20457	21495	22785	24115
43	1444	3095	4720	5951	6984	10332	12562	14189	15560	17838	19268	20495	21540	22846	24125
55	1448	3140	4736	5965	6996	10355	12597	14190	15564	17855	19281	20499	21568	22849	24137
67	1460	3143	4762	5980	7032	10360	12603	14200	15592	17875	19296	20520	21602	22865	24155
109	1491	3151	4767	5994	7208	10387	12619	14217	15648	17936	19302	20523	21675	22872	24159
110	1495	3159	4773	6004	7288	10393	12651	14219	15654	17942	19312	20537	21682	22883	24166
117	1511	3174	4778	6032	7314	10395	12662	14230	15667	17980	19323	20543	21701	22920	24188
141	1532	3185	4801	6036	7324	10445	12665	14241	15668	18009	19382	20554	21709	22936	24202
158	1544	3208	4859	6059	7341	10457	12674	14260	15669	18043	19384	20574	21710	22964	24205
171	1589	3323	4861	6063	7345	10472	12685	14262	15704	18061	19400	20581	21746	22995	24216
172	1615	3371	4906	6069	7381	10479	13012	14293	15712	18122	19401	20594	21773	23007	24252
186	1617	3390	4911	6073	7417	10488	13018	14318	15747	18132	19438	20610	21787	23010	24299
187	1621	3450	4938	6099	7421	10490	13032	14328	15753	18139	19475	20627	21791	23093	24300
210	1652	3469	4955	6139	7458	10491	13062	14337	16044	18141	19502	20652	21803	23095	24305
280	1674	3475	4980	6177	7488	10498	13077	14353	16111	18143	19554	20670	21867	23109	24307
282	1729	3481	4981	6183	7495	10514	13087	14359	16125	18186	19569	20691	22016	23121	24324
292	1742	3512	4985	6195	7496	10521	13121	14363	16126	18187	19624	20724	22022	23123	24343
313	1785	3539	4996	6201	7523	10527	13155	14450	16137	18224	19649	20757	22025	23127	24346
333	1789	3577	5096	6202	7554	10544	13178	14468	16146	18248	19722	20825	22062	23143	24347
383	1790	3608	5100	6220	7567	10550	13189	14472	16148	18264	19773	20858	22065	23144	24350
455	1827	3632	5106	6272	7589	10552	13190	14473	16149	18300	19783	20880	22104	23189	24357
475	1844	3647	5188	6286	7612	10586	13216	14477	16156	18309	19784	20888	22137	23209	24358
482	1858	3662	5194	6296	7629	10614	13220	14484	16160	18312	19786	20890	22150	23211	24373
596	1881	3692	5229	6297	7630	10624	13237	14492	16161	18320	19798	20916	22162	23254	24453
598	1883	3729	5240	6310	7668	10636	13259	14529	16162	18339	19811	20920	22164	23273	24455
614	1893	3746	5245	6343	7692	10647	13367	14530	16165	18366	19917	20930	22173	23346	24456
622	1900	3751	5252	6347	7701	10664	13373	14561	16274	18372	19918	20948	22196	23353	24484
717	1904	3817	5268	6349	7760	10703	13391	14584	16300	18406	19930	20952	22197	23407	24507
718	1910	3832	5273	6350	7789	10748	13497	14613	16310	18434	19932	20953	22210	23416	24593
722	1938	3860	5277	6351	7830	10761	13501	14647	16311	18453	19933	20982	22215	23442	24607
735	1940	3896	5296	6367	8066	10765	13530	14664	16327	18492	20012	20996	22219	23446	24630
751	1958	3911	5303	6396	8076	10771	13569	14684	16338	18511	20027	21006	22295	23460	24639
754	2047	3916	5314	6406	8083	10779	13594	14697	16363	18520	20041	21010	22301	23475	24654
808	2098	4004	5331	6424	8104	10780	13608	14706	16375	18596	20062	21046	22308	23573	24657
811	2099	4006	5341	6451	8109	10793	13611	14716	16385	18668	20076	21050	22312	23629	24694
817	2100	4021	5360	6465	8144	10866	13619	14762	16401	18704	20077	21075	22337	23667	24704
836	2114	4057	5379	6501	8173	10867	13638	14777	16426	18726	20079	21076	22346	23730	24708
841	2118	4065	5384	6528	8183	10935	13681	14796	16431	18729	20095	21080	22347	23768	24729
871	2119	4094	5387	6549	8691	10946	13687	14808	16438	18813	20126	21176	22361	23774	24731
877	2129	4116	5455	6570	8705	10963	13701	14812	16457	18835	20128	21181	22381	23776	24732
879	2166	4143	5467	6571	8721	10968	13707	14838	16473	18849	20133	21220	22384	23786	24759
889	2167	4159	5471	6629	8724	12004	13713	14858	16486	18855	20150	21222	22412	23831	24781
893	2188	4191	5488	6639	8735	12013	13767	14861	16518	18872	20152	21225	22439	23856	24787
921	2212	4192	5501	6650	8769	12025	13779	14906	16598	18891	20155	21229	22450	23869	24792
937	2214	4209	5505	6665	8823	12054	13798	14939	16605	18907	20187	21248	22455	23870	24799
967	2221	4259	5562	6669	8843	12078	13800	14952	16630	18910	20224	21253	22461	23879	24828
969	2266	4269	5564	6671	8856	12119	13806	14980	16686	18955	20229	21259	22472	23886	24836
1056	2287	4271	5630	6697	8902	12130	13862	15198	16692	18977	20244	21296	22494	23902	24842
1093	2292	4323	5654	6711	10002	12137	13871	15199	16708	18983	20245	21308	22506	23906	24860
1104	2297	4327	5668	6719	10010	12139	13880	15214	16739	18992	20255	21328	22529	23910	24880
1194	2306	4362	5680	6733	10098	12253	13888	15231	16818	19013	20267	21350	22537	23912	24902
1195	2317	4364	5682	6759	10102	12254	13891	15256	16889	19029	20289	21358	22559	23916	24965
1218	2392	4374	5706	6768	10114	12291	13892	15258	16896	19054	20300	21362	22576	23926	24973
1235	2901	4383	5718	6793	10124	12297	13935	15294	16931	19068	20302	21375	22635	23937	24982
1239	2927	4402	5767	6848	10127	12304	14005	15296	16966	19080	20304	21376	22661	23943	24999
1249	2941	4450	5782	6862	10133	12346	14013	15303	17022	19083	20306	21380	22688	23949	
1287	3013	4483	5812	6873	10155	12347	14026	15361	17760	19123	20339	21382	22713	23975	
1321	3019	4533	5819	6877	10167	12351	14042	15412	17763	19130	20347	21409	22718	23989	
1327	3028	4591	5863	6906	10190	12353	14051	15418	17769	19137	20365	21418	22730	24016	
1336	3048	4599	5891	6915	10199	12384	14055	15426	17787	19149	20375	21465	22733	24031	
1354	3057	4611	5909	6919	10200	12420	14062	15438	17788	19177	20392	21471	22756	24090	
1356	3060	4635	5929	6933	10209	12425	14082	15503	17804	19249	20398	21479	22764	24094	
1430	3082	4648	5936	6934	10262	12493	14123	15506	17827	19258	20447	21483	22781	24106	

On or after April 1, 1981 said Notes will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. The Notes will be paid upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder at any one of the following paying agents: The Industrial Bank of Japan Trust Company, Principal Paying Agent, One Wall Street, New York, New York 10005; The Mitsui Bank, Limited, Galilee Building, Avenue Galilee, 1030 Brussels, Belgium; The Mitsui Trust and Banking Company, Limited, 99 Bishopsgate, London EC2M 3XD; Kredietbank, S.A. Luxembourgeoise, 43 Boulevard Royal, Luxembourg; Credit Lyonnais, rue du Quatre-Septembre, 75002, Paris, France.

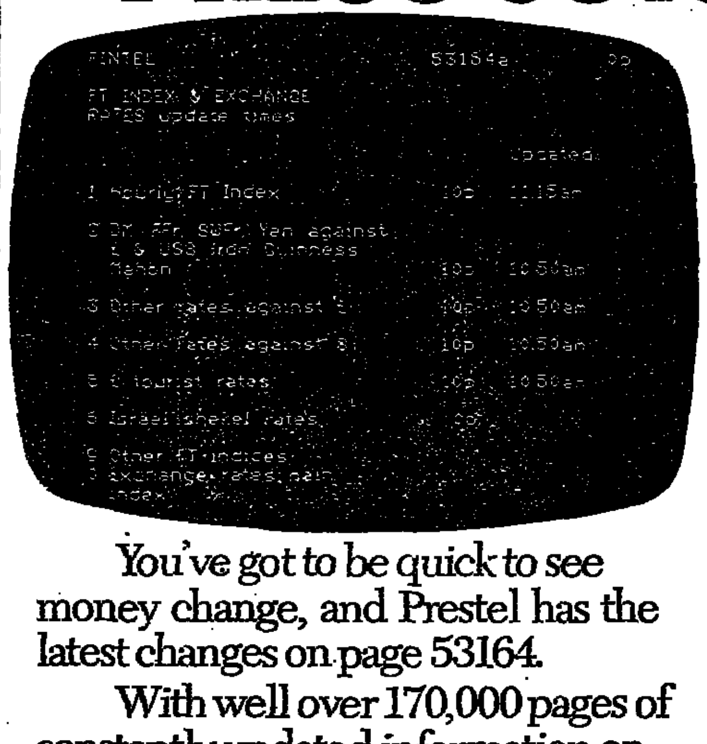
Payments other than in New York City will be made by US dollar cheque drawn on, or by transfer to a US dollar account maintained by the payee, with a bank in New York City.

Coupons due April 1, 1981 should be detached and collected in the usual manner.

From and after April 1, 1981 interest on the Notes to be redeemed will cease to accrue.

Mitsui Petrochemical Industries, Ltd.

Dated: February 26, 1981



INTERNATIONAL COMPANIES and FINANCE

Security eludes a successful film maker. Ian Hargreaves reports

Fox offered stable ownership

THIS WEEK, the name of Twentieth Century-Fox appears five times in Variety magazine's list of the 50 top grossing films in the U.S. Among the five are the number one box office success of the week—Fort Apache: The Bronx—and The Empire Strikes Back, which under Fox distribution has grossed $44.7m, by far the most successful film in the list.

But today at Fox's headquarters in Hollywood, the talk is not of the latest blockbuster or the latest coup in snapping up a big star for a new project, but of who will snap up Fox

The company has, necessarily, become obsessed with its future ownership in the last year and this is considered one overwhelming reason why management will back a deal in the interests of stability. But with Fox's board due to meet tomorrow to talk about it, nobody is yet sure who the deal will be with.

The name at the top of the betting sheet is Mr. Marvin Davis, the Denver oil billionaire who last weekend made a bid to take over most of Fox (excluding its television stations) for about $700m, depending upon how the TV spin-off is accomplished.

Crucially, Chris-Craft, a New York industrial and entertainment conglomerate which owns 22 per cent of Fox, has agreed to back the Davis proposal.

But Wall Street refuses to believe the matter is cut and dried, a suspicion which has been encouraged by the disclosure that Mr. Kirk Kerkorian has in the last week spent time with Mr. Herbert Siegel, Chris-Craft's chairman.

Mr. Kerkorian, a Las Vegas financier and controller of MGM Film, announced last week that he had given up his attempt to take over Columbia Pictures and was selling off his stock to Columbia for $134m.

Other well known stock wheeler - dealers are also involved on the fringes of Fox. The Reliance group, headed by Mr. Saul Steinberg, owns 8 per cent of Chris-Craft. Then there is Tandem Productions, a Los Angeles company, which owns 5.2 per cent of Fox.

The rumour circuit, departing from the usual cast of characters in the Fox saga, has also thrown up the name of General Electric, which is known to covet a bigger stake in the booming TV-filmed entertainment business.

The question of price is crucial and Mr. Davis's bid of $60 per share plus the spin-off, is a tidy premium on Fox's 1980 market value wich ranged from $30 to $55 Fox's earnings fell *last year from $57.3m to $54.5m,* on sales up by nearly 30 per cent at $847m.

But the counter-argument is that Wall Street believes Fox's assets are greatly undervalued. In particular, it is thought that Fox's film library is carried at zero in the books, but that it could be sold for perhaps $200m. Property, of which Fox owns a good deal, is also said to be understated.

Apart from its film division (including TV programmes) which makes up 59 per cent of sales, Fox owns a Coco-Cola bottling company in Minnestota, film theatres outside the U.S. and TV stations (5 per cent).

The underlying value of all these assets was, in essence, the reason for various Fox shareholders balking at a lower-value proposal from Fox management late last year that it would buy-out most of the company and take it private. But another reason for the failure of this initiative was the turmoil in the Fox executive suite, where Mr. Dennis Stanfill, Fox's financially oriented chairman, is said to have been at loggerheads with Mr. Alan Hirschfield, his number two and head of the entertainments side. Beyond personalities, the substantive issue at *dispute is the extent to which* Fox should diversify from films.

If half of these Fox rumours are true, it is a wonder that any business at all is being conducted by the company, particularly as it is only 18 months since Fox lost virtually all its senior studio executives in a walk-out led by Mr. Alan Ladd Jr.

As for Mr. Davis, he is saying *nothing. A wildcat oil explorer* with a reputation for bluntness, he is not used to being beaten.

His penchant for driving his Mercedes flanked by outriders and his muscular efforts to take over Denver's biggest newspaper, as well as Oakland's baseball team, adorn Mr. Davis with some of casual power paraphenalia one associates with movie moguls.

But perhaps Mr. Davis's real reason for swooping on Fox was that he has caught the spirit of Fox's latest collaboration with playwrite Mr. Neil Simon. Due for release next year, it is called I Ought To Be In Pictures.

Olympia and York continues Abitibi bid

By Our Financial Staff

OLYMPIA AND YORK Investments, controlled by the Reichmann family of Toronto, announced yesterday just before the deadline set by the Toronto Stock Exchange, that it had decided against withdrawing its C$28 (US$23.40) a share offer for 6.75m shares in Abitibi, the world's largest newsprint manufacturer.

Thomson Newspapers and Nu-West, a Calgary-based energy and property company, said earlier this week that they would make a joint offer of C$31 a share for 8.5m Abitibi shares. Both bidding groups intend to use Canadian stock exchange facilities in their offers for what would be effective control of Abitibi. Both offers will be made before the opening of the *stock exchanges on March 4.*

Olympia also said it is considering its future course of action regarding its attempt to purchase Abitibi shares in light of the Thomson and Nu-West offer. Legal counsel for Olympia declined to elaborate.

Abitibi said it would not comment on the bid of Thomson and Nu-West until a directors meeting is convened, "hopefully" this week. Lord Thomson, whose family controls Thomson Newspapers, is an Abitibi director.

In Montreal, Federal Commerce and Navigation is "studying" the latest developments, with regard to its 21 per cent holding of Abitibi shares. Federal Commerce reiterated that it would not purchase more shares of Abitibi "at this time."

D-Mark bonds fall as German rates rise

BY FRANCIS GHILES

DEUTSCHE MARK foreign bonds fell again yesterday, shedding about ½ of a point as West German interest rates continued to rise. Six-month Eurodeutsche Marks gained ⅜ per cent to 13½ per cent while the Federal Government offered Schuldschein notes in the market yesterday bearing a yield ½ per cent higher than the same paper offered on Monday.

Prices of domestic D-Mark bonds were weaker yesterday but the Bundesbank market support was only DM 2.7m. As with foreign D-Mark bonds there appears to be little investor selling pressure. Prices of outstanding issues simply are being readjusted to take account of the surge in interest rates.

In Switzerland the six month Euroswiss franc rates rose, the six month rate gaining ½ per cent to 8⅛ per cent. Prices of outstanding foreign bond issues shed about ⅛ of a point. The SwFr 50m 6½ per cent Centrale Rabobank issue to 1991 was well covered by subscriptions.

The FFr 200m 14¾ per cent bond to 1986 for Solvay, the Belgian chemical group, was more than twice oversubscribed and the lead manager, Banque de l'Union Europeenne was thus able to price it at 100¼ per cent. At this price, the new bonds yield 14.68 per cent. The next issue in this sector will be a FFr 400m bond to 1986.

In the dollar sector, rumours of new issues have been gaining ground in the fixed income sector. Electricite de France, in particular, is believed to be coming to the market soon with a new issue. Seasoned fixed interest bond prices, however, were unchanged on the day in very thin trading.

Itel preparing restructure plan

By David Lascelles in New York

ITEL, the stricken leasing company which filed for bankruptcy in January, hopes to have a reorganisation plan ready in about a month, creditors were told at a special meeting in San Francisco on Tuesday evening.

The company sought protection under Chapter 11 of the bankruptcy code after it failed to reach agreement with bank and institutional creditors on a restructuring of a large part of its *total $1.3bn in debts.*

Itel currently has a negative net worth, and is beset by a number of problems including settlement of some claims with Lloyd's of London. It has a profitable transport equipment leasing division which is its main source of cash at the moment. However, this business was ironically affected by the recent bankruptcy of Seatrain Lines, which leased Itel containers, and it is not generating enough money to service Itel's debts.

Special capital gains gives Libra Bank a sharp boost

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

LIBRA BANK, the London-based consortium, has turned in a sharp jump in pre-tax consolidated pre-tax profits for 1980 to £22.76m ($10.19m) from only £10.25m in 1979.

The figure includes an exceptional capital gain of £10.47m arising from an investment in index-linked bonds falling due during the year. Libra declined to be specific about this investment but it is understood to have involved a holding in Mexican petrobonds.

Even without the capital gain profits showed a 20 per cent increase due both to rising free income and an increased volume of business.

The bank's loan portfolio rose to £571m at the end of the year from £388m at end-1979, while total assets rose to £807m from £519m. This expansion was made possible through an increase in the capital provided by shareholders.

Total capital funds, including subordinated loans, amounted to £61.25m at the end of the year compared with £28.97 at end-1979.

Libra has followed the example of most other consortium banks in not publishing *current cost account figures.*

Margins on syndicated lending were lower in 1980 than in the previous year, but Libra was less affected than some other banks because it concentrates on Latin American business where the decline in spreads was less marked.

The bank is increasing its dividend payment to £1.13m from £504,000 in 1979.

Canadian credit for Harvester

By Our Financial Staff

CANADA'S SIX largest chartered banks are providing C$450m (US$375m) operating stand-by credit facility for International Harvester Credit of Canada, the financing arm of International Harvester Canada. The Royal Bank of Canada, is acting as lead manager and agent.

Other participants include Bank of Montreal, Toronto-Dominion Bank, Canadian Imperial Bank of Commerce, Bank of Nova Scotia and National Bank of Canada. Terms of the financing were not disclosed.

International Harvester, the U.S. parent company, suffered a loss of US$397.3m from continuing operations in 1980

Thomson-CSF drops venture with Exxon

By Terry Dodsworth in Paris

THOMSON-CSF, France's leading electronics group, is pulling out of research into Photovoltaic cells for use in solar energy generation because of the high cost of investment.

Thomson's decision means breaking off a joint project launched with Exxon, the U.S. oil group, two years ago. It follows only shortly after Radiotechnique Compelec, a French subsidiary of the Dutch Philips group, decided to hive off its research activities in the same field into a joint company under the leadership of CGE, the big French electrical group.

The CGE-led concern combines its own interests, represented by a 51 per cent shareholding, with those of Elf Aquitaine, the State-controlled oil group (30 per cent) and Radiotechnique.

The withdrawal of Thomson from this sector, which is being actively supported by Government funds, also means the rupture of an agreement signed last year with Pechiney-Ugine-Kuhlmann, the French metals concern. Following the ending of this deal designed to develop a silicon-based material for use in solar cells, PUK is now looking for new partners.

Warner-Lambert tops forecasts

BY OUR FINANCIAL STAFF

WARNER-LAMBERT, the proprietary drug and optical products group, has beaten Wall Street profit expectations for 1980 with the final quarter turning in a particularly sharp rise. However, the 1979 results were badly affected by special write-offs and a settlement of a tax claim.

Net earnings for the year gained 56 per cent to $192.7m or $2.41 a share, against analysts' predictions of around $2.35 a share. Sales moved up *from $3.22bn to $3.48bn.*

The Board warns that earnings in the first quarter of this year will show a "substantial fall" from the 76 cents a share of the comparable period. But operating income is expected to record a further gain this year

In the final quarter earnings totalled $41.7m or 52 cents a share, compared with $709,000 in the previous period. Sales, however, were $897.2m against $838.5m.

Warner-Lambert said 1981 first quarter earnings would be hurt by higher research and marketing spending, as well as unfavourable foreign currency adjustments and operating losses expected in the vision care portion of its American optical operations.

Bethlehem sees break-even

By Our Financial Staff

BETHLEHEM STEEL Corporation, the second largest U.S. producer, expects little improvement in the economy and as a result 1981 "will not be a particularly good year". In an annual report to shareholders *the company said that this year* Bethlehem would probably ship more steel products than the 11.1m tons shipped in 1980, the lowest level since 1963.

The company reiterated its earlier prediction that the company expected to be "at about the break-even point for at least the first quarter" of 1981. In the 1980 first quarter the steelmaker had net income of $54.4m and for all of last year $121m.

Surge in final period lifts Revlon results to peak

BY OUR FINANCIAL STAFF

REVLON, the cosmetics and health care group, boosted final quarter net profits from $45.3m to $54.8m for a record annual total in 1980 of $192.4m against $155.3m.

Sales for the quarter were ahead from $505m to $638.8m, leaving the annual figure ahead from $1.74bn to $2.2bn. Diluted earnings per share for the year were $4.75 against $4.27 with the final quarter contributing $1.31 against $1.24. Results for 1980 include profits from May of Technicon, a blood analysis equipment maker which earned $24.5m in 1979.

The Technicon acquisition is part of Revlon's diversification from its traditional cosmetic activities, and was followed by the takeover of Continuous Curve Contact Lenses in August and the announcement in December of an agreement to buy the Canadian operations of ICN Pharmaceuticals.

Revlon said yesterday that in 1980 it continued to gain market share in its domestic beauty business, advancing by 1 per cent to about 20 per cent of the market.

Penney pulls out of Italy

By James Buxton in Rome

J. C. PENNEY, the U.S. stores group, has sold its 5 per cent stake in Rinascente, the Italian department store chain, for $10.4m. The sale marks the U.S. group's departure from Italy, where until 1977 it owned five department stores in the Milan region before selling them to Rinascente in return for shares in the Italian group.

Control of Rinascente passed at the end of last year from Istituto Finanziario Industriale (IFI)—the holding company of the Agnelli family which controls Fiat—to two Italian finance companies. The new owner of Penney's stake in Rinascente is said to be another Italian company.

For Penney the sale is part of a policy of concentrating on the U.S. market. It has recently purchased a large site for a new distribution centre for mail order operations.

More air routes for American

By Ian Hargreaves in New York

American Airlines has announced a significant expansion of its route structure in the south-western U.S., a move which further increases pressure on the ailing Braniff International.

American said it would add 11 points to its routes in the Southern States, emanating chiefly from Dallas-Fort Worth, which is Braniff's centre of operations.

Braniff, which has cut its own route structure to concentrate on this same territory — in addition to South America and several other international routes — can ill afford the extra competition, as it struggles under a huge burden of debt.

Flat profits at Australian bank

By James Forth in Sydney

COMMERCIAL BANK of Australia plans a one-for-four scrip issue despite almost unchanged earnings in the six months to December. Group profit edged nearly 1 per cent lower to A$19.9m (US$23.1m) with banking profits down 6 per cent from A$14.1m to A$13.3m.

General Credits, the finance company, however, came to the rescue with a 12 per cent increase in earnings from A$5.6m to A$6.3m.

The directors said that increased costs of premises and *the squeeze on bank interest* margins, caused by restrictive official interest rate policies, led to the downturn.

But a marked improvement was achieved in the December quarter following the relaxation on banks of official interest policies and other corrective measures taken by the CBA to control costs. The directors expect earnings in the current six months to exceed those for the first half.

The interim dividend is held at 10 cents a share, and the directors expect to maintain the annual rate at 20 cents on capital increased by the scrip issue.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday, March 11. Closing prices on February 25

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13¾ 88	75	94⅝	95⅛	+0⅛	+0¼	14.45
CECA 11½ 88	100	87¾	88¼	−0⅛	+0⅛	14.24
CNE 12½ 91	100	91½	91⅞	−0¼	−0⅛	14.37
Citicorp O/S Fin. 10 86	300	85	85½	−0⅛	+0⅛	14.05
Citicorp O/S Fin 12 87	200	90¼	90¾	−0⅛	+1⅛	14.26
Con. Illinois O/S 9¾ 86	150	83½	84	+0⅛	+0⅞	14.25
Denmark 11¾ 90	100	85⅛	85⅝	−0⅛	−0⅛	14.65
Dupont Canada 13½ 91	65	95½	85¾	−0¼	+0⅛	14.40
EEC 11 95 (May)	75	80⅛	80⅝	+0⅛	+0⅛	14.27
EEC 11 95 (August)	70	78½	79	+0⅛	+0⅛	14.57
EIB 13¾ 90	100	96⅞	97⅛	+0⅛	+0¼	14.35
Eksportfinans 9½ 87	75	82⅛	82⅝	0	+0⅛	13.79
Elec. de France 10 88	125	81⅞	82⅜	+0⅛	+1⅛	14.02
Elec. de France 13 88	125	94½	95	+0⅛	0	14.22
Export Dv. Cpn. 12¾ 87	100	93½	94	−0⅛	+0⅛	14.29
Export Dv. Cpn. 9½ 86	150	83⅝	84⅛	+0⅛	+1	14.29
Fin Exp. Credit 10½ 85	50	87¼	87¾	0	+0½	14.52
Finland, Rep. of 9½ 86	100	82	82½	+0⅛	+0⅛	14.71
Ford Credit O/S 14⅛ 83	150	97⅜	97⅞	−0⅛	+0⅛	15.66
Ford Cr. O/S Fin. 16 84	150	102	102½	0	−0⅛	14.99
Gaz de France 13½ 86	80	97⅜	97⅞	−0⅛	0	14.18
GMAC O/S Fin. 12 87	100	88⅞	88⅜	−0⅛	+0⅛	14.80
GMAC O/S Fin. 12⅞ 88	100	91⅜	91⅞	0	+0⅛	14.88
Gen Mtrs. O/S 11¾ 87	100	88⅜	88⅞	−0⅛	+1⅛	14.49
GTE Fin. 13¼ 86 (WW)	50	98½	99	0	+0⅛	14.09
Hudson's Bay 11½ 90	75	84⅜	84⅞	+0⅛	+1	14.59
IBM Canada 10½ 85	50	95⅛	95⅝	−0⅛	+1⅛	11.84
IBM Wld. Trade 12½ 88	200	95⅜	95⅞	0	+1	13.50
Newfoundland 13½ 90	60	93⅞	94⅜	0	0	14.71
Nova Scotia 10⅜ 90	50	81⅛	81⅝	0	+1⅛	14.46
OKB 10 85	50	86⅞	87⅜	+0⅛	0	14.08
Quebec Hydro 11½ 92	100	82½	83	−0⅛	+1	14.69
Queb. Hy. 13 91 (WW)	100	91¼	91¾	−0⅛	−0⅛	14.67
Roylease 11¼ 85	50	90⅛	90⅝	0	−0⅛	14.30
SNCF 12⅝ 85	50	94⅞	95⅜	+0⅛	+0⅛	13.97
SNCF 13 91	75	94¼	94¾	−0⅛	−0⅛	14.05
Sven Handelsbk. 13¾ 88	45	95½	95⅝	0	+0⅛	14.82
Sweden 12⅝ 85	150	93½	94	0	+0⅛	14.27
Swed. Ex. Credit 12 83	50	93⅝	94⅛	0	+0⅛	14.91
Swed. Ex. Credit 13 86	75	95⅛	95⅝	−0⅛	+0⅛	14.36
Unilever NV 9¾ 90	100	79⅜	79⅞	−0⅛	+0½	13.71
World Bank 9¾ 85	200	87⅝	88⅛	+0⅛	+0⅛	13.61
World Bank 10⅛ 87	300	84¾	85¼	0	+0⅛	13.94

Average price changes .. On day 0 on week +0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8½ 90	100	86⅜	86⅞	−0⅛	−1⅛	10.66
Australia 8⅛ 90	250	89¾	90¼	+0⅛	−0⅛	9.82
Austria, Rep. of 8¼ 92	150	86⅝	87⅛	−0⅛	−1⅛	10.18
BFCE 8½ 95	100	84⅝	85⅛	−1⅛	−2¼	10.18
CECA 7⅞ 92	150	85¾	86¼	−0⅛	−2	9.94
CII-Honeywell 8¾ 90	125	88	88½	−0⅛	+0⅛	10.35
Denmark 8¼ 92	100	87¼	87¾	−0⅛	−0⅛	10.09
EIB 8½ 90	200	90⅞	91⅜	0	−1⅛	10.00
ESCOM 9¼ 87	100	93⅞	94⅜	−0⅛	−2	10.52
Iberduero SA 9 90	100	91½	92	0	−1⅛	10.37
Ind. Bk. Finland 8½ 90	50	87	87½	−0⅛	−2⅛	10.64
Japan Air Lines 8⅞ 87	100	90	90½	−0⅛	−1⅛	10.15
Japan Dev. Bank 7⅞ 87	100	86⅝	87⅛	−0⅛	−1⅛	10.61
Kobe, City of 8 90	100	86⅞	87⅜	+0½	−0⅛	10.21
Midland Int. Fin. 8½ 90	180	89⅝	90⅛	−0½	−1⅛	10.16
Norway 7½ 85	250	91⅞	92⅜	+0⅛	−0⅛	10.16
Nuclebras 9½ 88	100	87⅝	88⅛	−0⅛	−0½	12.24
OKB 8¼ 92	150	85	85½	+0⅛	−0⅞	10.33
Oslo, City of 8⅛ 90	80	94⅛	94⅝	−0⅛	−1½	9.69
Venezuela, R. of 9¾ 90	150	92¾	93¼	−0⅛	−0⅛	10.92
World Bank 8 90	700	86½	87	+0½	−1⅛	10.22
World Bank 10 88	150	100	100½	+0½	−1⅛	9.89
World Bank 10 90	200	100½	101	+0½	−1⅛	9.88

Average price changes... On day 0 on week −1½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5¼ 90	100	†92½	93½	0	+0½	6.37
BFCE 6½ 91	100	102½	102¾	−0⅛	−0½	6.19
Bayer Int. Fin. 5⅜ 92	100	91¼	91¾	−0⅛	+0½	6.29
Bergen, City of 6 90	50	†96½	97	−1	−2⅜	6.47
Buhrm'n-Tetterode 7 90	40	102⅞	103⅜	−0⅛	+0⅛	6.55
Copenhagen Tele. 5⅝ 90	60	92	92½	+0⅛	+0⅛	6.89
Denmark 5¾ 90	80	90¼	90¾	−1⅛	−2¼	7.19
Dome Petroleum 5¾ 91	100	94¼	94¾	−0⅛	−0⅛	6.55
Elet. de France 5¼ 90	100	93½	93¾	+0⅛	−1⅛	6.14
Eurofima 5¼ 92	80	†100	100½	0	−1⅛	5.72
F. G. H. Hypo. Bk 6 90	50	†96	96½	+1½	−0⅛	6.54
Finland, Rep. of 5⅝ 90	80	91½	92	+0⅛	+0⅛	6.81
Int.-Amer. Dev. 7 90	80	102½	102¾	−0⅛	−0⅛	6.66
Japan Dev. Bank 5¾ 90	100	95½	96	+0½	+0⅛	6.33
Jutland Tele. 5½ 90	50	†91	91½	+0⅛	−0⅛	6.84
Mt. Blanc Tunnel 5½ 90	60	93¼	93½	+0⅛	+0⅛	6.45
Newag 5¾ 90	80	93⅜	93⅞	−0⅛	+0⅛	6.68
Norges Komm. 4¾ 91	100	82¾	83¼	+0½	−2⅞	6.76
OKB 4¾ 91	100	82¾	83¼	−0⅛	−0⅛	6.65
OKB 6 90	100	98	98¼	−0⅛	−0½	6.27
Oslo, City of 4¾ 91	100	82¾	83	−0⅛	−0⅛	6.67
Oslo, City of 5⅞ 90	80	95⅛	95⅜	0	−1⅛	6.55
Philips Lamps 5¾ 92	100	91½	91¾	−0⅛	−0⅞	6.29
Sekisui Pre. Hms 6 90	80	95⅛	95⅝	0	−0⅛	6.66
Shikoku El. Pwr. 4¾ 89	100	†92	92½	0	+0⅛	5.93
Trade Dev. Fin. 6¼ 90	50	93¼	93½	+0⅛	+0⅛	7.09
Voest-Alpine 5¾ 90	80	94¾	95	+0⅛	+1⅛	6.48
World Bank 6 91	100	95½	95¾	0	−0⅛	6.61

Average price changes... On day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅞	92⅞	+0⅛	0	8.94
Australia 6½ 88	20	87¾	88¾	−0⅛	0	8.89
EIB 7⅛ 89	12	93	94	0	0	8.85
Finland 5.6 83	10	91	92	−0½	−0⅛	9.27
Finland 6.8 88	10	87	88	−0⅛	−0⅛	9.27
Finland Rep. of 8⅛ 87	15	96	97	0	+0⅛	9.12

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10½ 86 C$	60	91⅛	91⅞	−0⅛	+0⅛	12.93
CIBC 13½ 85 C$	50	†97¾	98½	0	+0⅛	14.07
CIBC 11½ 85 C$	60	†91¾	92½	0	−0⅛	13.96
Federal Dev. 11½ 90 C$	60	†86	87	0	+1⅛	14.15
Fst Can Inv. 10 84 C$	50	†88	88⅞	0	−0⅛	14.74
R Bk Canada 10 86 C$	40	90⅝	91⅛	+0⅛	+0⅛	12.49
Tordom Cpn 13¼ 85 C$	30	†97½	98¼	−0⅛	−0⅛	14.15
M. Bk. Dnmk. 9 91 EUA	25	89⅜	90⅛	0	0	10.57

OTHER STRAIGHTS (continued)	Issued	Bid	Offer	Change on day	Change on week	Yield
SOFTE 8¼ 89 EUA	40	86	87	+0¼	−1	10.62
U. Bz. Nrwy. 9¼ 90 EUA	18	97¼	98¼	0	−0	9.62
Algemene Bk. 10¼ 86 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. Mees & H. 10 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Heineken NV 10 87 Fl	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. Nedrlnd. 10 88 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ned. Midd. Bk. 10 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pierson 10¼ 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aero Paris 13¼ 87 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Charb'nages 13¾ 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 14¼ 88 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 14¼ 88 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 11 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gaz de France 11 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
La Redoute 14¼ 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 14 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utd. Mex. Sts. 14 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Acona 14 85 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beneficial 14¼ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 13½ 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 13½ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 13½ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. for Ind. 13¾ 87 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. for Ind. 14¼ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Co. 12¼ 89 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Peugeot SA 14 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rothschild 14¼ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Trustco 14 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Ex. Cr. 15¼ 85 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banobras 8¾ 90 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CCCE 8¾ 91 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sonatrach 8¾ 90 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Akzo 9¼ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euratom 9¾ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 10¼ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9¾ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Volvo 9¼ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Montreal 5¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Tokyo 5¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BBL Int. 5 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bergen Bk. A/S 6 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 5½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNT 5¾ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Christiania Bk. 5½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp-O/S F. 5¼ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C. Itoh 5¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Co-operative Bk. 5 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Den Norske Credit 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Genfinance 5¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Giro und Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GZB 5½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Bank Japan [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Bank Japan [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lloyds Eurofin [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lloyds Eurofin [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LTCB Japan [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Man. Hanov. O/S [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Intl. Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Intl. Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nacional Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. West. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. West. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Credit [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sparebanken [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Standard Chart. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Svenska Hndlsbk. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bq. Ex. d'Alg. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... [illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canon 6¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Suisse [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Digicon Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Enserch Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hanson O/S Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ina Overseas [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Inchcape Ltd. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jaccs 7½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marion Int. Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Matsushita El. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MEPC 8¾ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Niigata Eng. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nissho-Iwai Co. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ricoh 6¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo M. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Bk. Cpn. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Taylor Woodrow [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transco Int. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tricorp 8¼ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Union Bk. Switz. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsu 5.84 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sharp Cpn. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Uny Co. 6½ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Rights issue and increased dividend from Saab-Scania

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

SAAB-SCANIA, the Swedish automotive and aerospace group, yesterday reported a slight increase in earnings in 1980, confounding the forecast at the eight-month stage by Mr. Sten Gustafsson, the managing director, that profits would be lower.

With a pre-tax return of SKr 970m ($211m) after foreign exchange adjustments, the group edged ahead of the SKr 961m recorded in 1979.

The dividend is going up by SKr 1 to SKr 8 a share, and Saab proposes a one-for-seven scrip issue together with a rights offer on a similar basis at SKr 60 a share. The rights will raise SKr 134.7m, which will help finance substantial investments in plant, product development and marketing which the group plans to undertake in both its automotive and aircraft operations over the next few years.

Turnover rose by 4 per cent to almost SKr 14bn ($3.04bn), dampened by an 8 per cent slump in sales of Saab cars, which account for slightly more than a quarter of total sales. The car operations plunged into losses again last year after moving into the black in 1979.

In a joint venture with Fairchild Industries of the U.S. the Saab aerospace division is developing a 34-passenger commuter airliner, for which it has already won more than 70 orders and options. A factory is being built for the aircraft at Saab's headquarters in Linköping.

Scania trucks showed "continued good results" last year, pushing up sales by 11 per cent to SKr 6.6bn. The aerospace division returned more or less unchanged earnings on a 15 per cent lift in sales to slightly more than SKr 1bn.

The SKr 970m pre-tax profit is equivalent to 6.9 per cent of turnover against 7.2 per cent in the previous year. Group operating income climbed by SKr 26m to SKr 1.1bn.

Net financial charges were down sharply from SKr 247m to SKr 159m, but exchange adjustments added only SKr 16m to the pre-tax figure, compared with SKr 121m in 1979. Extraordinary items include costs of SKr 65m on Datasaab, the computer company owned jointly with the Swedish state, which is now being sold to L.M. Ericsson.

Allocations are SKr 133m lower at SKr 387m, leaving a net profit after tax of SKr 356m, ahead by SKr 123m. Net adjusted earnings are given as SKr 30.95 a share, compared with SKr 29.80 previously.

Italian telephone deal nears completion

By Rupert Cornwell in Rome

AN IMPORTANT agreement is expected shortly between Telettra, the electronic switching and transmission subsidiary of Fiat, and Italtel, the equipment supplier belonging to the STET-IRI state-owned concern.

The deal, which will constitute the first step towards a new telecommunications system grouping in Italy, is likely to be signed within the next two weeks. It will not involve any financial links between the two partners, but it does signify a first move to rationalise a key sector of Italian industry, whose future has been obscured by a longstanding lack of coherent Government planning.

The main effect of the deal will be to bring Telettra, which achieved sales of $314m in 1980, into closer involvement with Italtel's Proteo all-electronic telephone exchange project. This is still encountering some difficulties, but is almost certain to be the nucleus for a future telecommunications system package based on Italian technology.

For Telettra, the agreement will represent a logical extension of its increasing involvement in switching technology. Together the two partners will be better able to reduce their reliance on SIP, the Italian state utility, as the main source of orders. The financially-troubled Italtel currently covers around 50 per cent of the Italian market.

Italtel will have access to the strong foreign network of Telettra which exports more than half its output.

FOREIGN DEMAND BOOSTS SALES

KHD expects reduction in earnings

BY ROGER BOYES IN BONN

FOREIGN DEMAND managed to buoy up sales last year at Kloeckner Humboldt Deutz (KHD), the West German engineering concern, but the increase in turnover will not be enough to prevent a drop in profits from last year's DM 52m ($24.6m).

KHD, the country's largest diesel engine manufacturer and specialist in agricultural machinery and industrial plant, said in a letter to shareholders that group external sales rose to DM 4.6bn ($2.17bn) from DM 4.2bn in 1979 while parent company turnover increased by 12 per cent to DM 3.7bn. The parent company figures reflect a 26 per cent increase in foreign sales to DM 2.39bn which compensated for a 6 per cent drop in domestic turnover.

New order figures for 1980 showed a similar trend—up 15 per cent to DM 3.6bn but again only because overseas orders rose at a disproportionately high rate. Export orders accounted for 64 per cent of order inflow, compared with 53 per cent in 1979.

The root of this development is typical of all German engineering concerns at present. The serious weakening of the German economy during the second half of the year led to a collapse in demand, even though the general climate for capital goods purchases remained favourable.

For KHD the situation was aggravated by the uncertainty in the agricultural sector, with EEC farmers unsure of how farm prices would develop. Demand for tractors and threshing machines fell substantially.

The main force behind the upsurge in overseas demand was the booking of large orders by the industrial plant division. But this unit remains the most vulnerable of the three pillars of KHD's business—Japanese competition, high German wage costs and soaring outgoings for energy are all contributing to the paring of KHD's profit margins in industrial plant business.

The greatest earnings potential seems to be in the diesel engine division, which is benefiting from the motor industry's pre-occupation with fuel economy. Here the U.S. is seen as the biggest growth market. KHD has started the assembly of diesel engines at Richmond, Indiana.

The group went through some rocky times in the early 1970s, but profits have stabilised over the past four years. It looks as if profits may drop below the 1979 level of DM 52m ($24.6m) for 1980 but they seem unlikely to dip dramatically.

Montedison denies tie-up with Engelhard Minerals

BY JAMES BUXTON IN ROME

SHARES IN Montedison, Italy's biggest chemical producer, rose sharply on the Milan stock exchange yesterday after reports that the U.S. company, Engelhard Minerals and Chemicals, had agreed to buy a 10 per cent stake in it. The shares closed almost 3 per cent up on the day, against a general market rise of 2 per cent.

Though Montedison denied the report, it was made clear that such a deal would be in line with group's current revival strategy which is aimed at bringing Montedison back to financial health after a long period of heavy losses.

The report stated that Engelhard Minerals and Chemicals, which is involved in fabricating and trading in metals, minerals and other commodities, will market Montedison's products on the U.S. market and in other areas outside Europe. It would also supply raw materials to the Italian group.

The U.S. company is 27 per cent owned by Anglo-American Corporation, the South African mining concern run by Mr. Harry Oppenheimer.

As part of the group's recovery programme Montedison last month announced the sacking of 8,000 of its 45,000 chemical workers in order to raise productivity. After negotiations with the unions and Government, it was agreed last week that the majority of the workers the company wants to sack would be state-subsidised.

The settlement should reduce Montedison's costs by more than L150bn. Last year Montedison's turnover rose by 16 per cent to L8,830bn ($8.69bn) but the company is expected to record a loss of more than L200bn ($200m).

CCF raises payout after year of strong growth

BY DAVID WHITE IN PARIS

CREDIT COMMERCIAL de France (CCF), the leading French private-sector commercial bank, increased its consolidated net profit by almost half last year to FFr 192m ($39m) from FFr 128m in 1979.

This was achieved in the face of the Government's strict limits on credit growth, which brought about a decline in real terms in the bank's domestic lending operations. The contribution of foreign activities to group earnings rose from 41 to 49 per cent.

M. Jean-Maxime Leveque, the chairman, said the bank planned to float a convertible loan of at least FFr 500m. It would seek shareholders' authorisation up to a maximum FFr 600m.

Parent company net profit was up to FFr 128m from FFr 86m, and the bank is proposing to raise its net dividend to FFr 11.50 a share from FFr 9.40. It is also planning, under the Government's latest worker participation programme, to distribute shares worth FFr 34m to 6,800 employees.

As a result of conversion of previous loan issues, of which the last was in 1979, and of incentives to encourage clients to buy shares, the number of shareholders has increased from 17,000 in mid-1979 to around 45,000 at present. The bank's shares are quoted in London, Brussels and Antwerp as well as in Paris.

The bank's assets rose last year to FFr 55.2bn from FFr 45.7bn. The average level of clients' deposits rose to FFr 19.4bn from FFr 17bn, and loans to FFr 24.9bn from FFr 20.4bn.

Losinger likely to pass payment

By John Wicks in Zurich

LOSINGER, Switzerland's largest construction group, looks set to pass its dividend for the fourth consecutive year.

Despite improved earnings at home and "satisfactory" profits from outside Switzerland, the company is unlikely to resume dividend payments for 1980, says Mr. Vinzenz Losinger, the chairman.

In terms of sales, the company had a record year in 1980, lifting turnover by 13 per cent to SwFr 634m ($333m).

In 1979 group net earnings were SwFr 802,000. The company last paid a dividend, of SwFr 25 a share, in 1976.

Elsevier shows sharp downturn in profits

BY CHARLES BATCHELOR IN AMSTERDAM

ELSEVIER-NDU, the Dutch publishing group, announced sharply lower 1980 profits, confirming the forecast made in December. Net profit fell by 21 per cent to Fl 40.5m ($17m) on sales up by 10 per cent to Fl 1.31bn ($570m).

The company gave no further details though it has earlier blamed the decline on sluggish markets in the second half of the year and lower profits from the newspaper and book divisions.

Higher depreciation of assets reduced the impact of the decline on cash flow, which was 2 per cent lower at Fl 80m. The company will announce its dividend proposal on March 27. It paid Fl 8.75 in cash and 5 per cent in shares in 1979.

● Triumph-Adler, the West German typewriter and office equipment group, has announced plans to shut its two factories in the Netherlands. The company's plants at Cuyk, where portable typewriters are made, and Leiden, which makes desk top typewriters, employ 700.

The switch to electronic from manual typewriters and increasing foreign competition were given as reasons for the move.

Belgians urge break in tax link with accounting regimes

FINANCIAL TIMES REPORTER

A STRONG plea for a breaking of the link between tax regimes and the rules for preparing company accounts was made in Brussels yesterday by two leading Belgian accountants. M. Andre Hoste, president of the Institut des Reviseurs d'Entreprises, Belgium's top accounting body, told a Financial Times seminar that as long as tax rules determined accounting principles, Belgian companies would have to interpret the "true and fair" requirement of the EEC accounting directive as meaning "in accordance with the law," which was not satisfactory.

His views were endosed by Mr. Oswald van der Meulen, a Belgian accountant who chaired the seminar. Developing the Corporate Report — European Perspectives. The seminar opened with a presentation by Mr. Michael Lafferty of the Financial Times, and Mr. David Cairns on the findings of the recent Financial Times World Survey of Annual Reports.

Mr. J. Vos, a senior executive at Philips, the Dutch electrical company whose annual report was rated best in the survey, told delegates that "the most important item of financial information is undoubtedly to be found on the bottom line of the profit and loss account: the net profit." But he went on to say that by calculating profit on the basis of actual values, Philips recognised that the result could not be exact.

"We do not apply the so-called gearing adjustment in our profit calculation," said Mr. Vos, "but that does not mean that we object to such an adjustment in principle." He added that while Philips had not yet reached any conclusion on the introduction of the gearing adjustment, the technique was the obvious "breech block" in any calculation based on actual values.

In conclusion, Mr. Vos commented: "The inter-relationship between the results of a company and the effects on society or on sectors of society, makes it imperative to adopt a reporting policy that is integrated in a balance manner with daily corporate policy. This is an awareness that, fortunately, is increasingly being recognised in the business community."

Mr. Wessel van Bruinessen, a prominent Dutch accountancy expert who is part-time professor in Business economics at Nijmegen University, warned that implementation of the EEC fourth directive on accounting procedures might lead to substantially different legislation in several EEC countries. "I think the German legislator will stipulate historical cost accounting and the legislator in the UK will prefer the system of SSAP 16. According to the draft bill in the Netherlands, historical cost accounting will be allowed. But if profit and net equity, calculated on a current cost basis, differ materially, supplementary information on a current cost basis should be presented in the notes."

Mr. van Bruinessen also discussed research carried out in the Netherlands into the needs of users about the quality of information in financial statements. The investigation related to four groups of users—company shareholders, members of the central works councils of companies, investment analysts and management and staff of other companies—and was based on studies of Philips, AKZO and the Netherlands two largest publishing companies. It established that while management gave top priority to the breakdown of turnover and profit information, works council members listed that very low and attached the most importance to employment, future developments and planned investments.

Mr. Erik Hauerslev, the European Commission's Director for Working Conditions, spoke on EEC proposals for disclosure of information to employees.

AMERICAN QUARTERLIES

CARNATION

	1980	1979
	$	$
Fourth quarter		
Revenue	875.9m	761.6m
Net profits	41.02m	39.11m
Net per share	1.10	1.05
Year		
Revenue	3.24bn	2.83bn
Net profits	154.75m	138.0m
Net per share	4.15	3.79

CONSOLIDATED NATURAL GAS

	1980	1979
Fourth quarter	$	$
Revenue	751.7m	640.8m
Net profits	42.8m	39.2m
Net per share	2.10	1.93
Year		
Revenue	2.5bn	2.05bn
Net profits	118.5m	138.3m
Net per share	5.73	6.30

DETROIT EDISON

	1980	1979
Year	$	$
Revenue	1.85bn	1.69bn
Net profits	146.8m	126.9m
Net per share	1.84	1.80

DI GIORGIO

	1980	1979
Fourth quarter	$	$
Revenue	239.4m	241.3m
Net profits	3.7m	2.1m
Net per share	0.59	0.31
Year		
Revenue	898.2m	1.03bn
Net profits	10.3m	11.1m
Net per share	1.56	1.73

FABERGE

	1980	1979
Fourth quarter	$	$
Revenue	86.0m	65.2m
Net profits	†3.19m	1.11m
Net per share	†0.57	0.20
Year		
Revenue	251.1m	245.3m
Net profits	2.13m	7.06m
Net per share	0.38	1.27

† Loss

FEDERAL-MOGUL

	1980	1979
Fourth quarter	$	$
Revenue	183.6m	188.1m
Net profits	8.5m	8.1m
Net per share	0.87	0.85

FOSTER WHEELER

	1980	1979
Fourth quarter	$	$
Revenue	435.8m	431.0m
Net profits	18.55m	11.96m
Net per share	0.54	0.35
Year		
Revenue	1.56bn	1.65bn
Net profits	59.36m	47.92m
Net per share	1.74	1.43

HARNISCH FEGER

	1980-81	1979-80
First quarter	$	$
Revenue	164.4m	157.6m
Net profits	2.45m	†774,000
Net per share	0.26	†0.09

† Loss

HOBART

	1980	1979
Fourth quarter	$	$
Revenue	183.0m	174.3m
Net profits	12.11m	10.1m
Net per share	1.06	0.89
Year		
Revenue	665.3m	632.2m
Net profits	33.19m	31.11m
Net per share	2.91	2.78

IU INTERNATIONAL

	1980	1979
Fourth quarter	$	$
Revenue	590.1m	554.2m
Net profits	15.81m	13.09m
Net per share	0.66	0.36
Year		
Revenue	2.26bn	2.13bn
Net profits	144.7m	67.0m
Net per share	5.25	1.88

LINCOLN NATIONAL

	1980	1979
Fourth quarter	$	$
Revenue	705.4m	639.5m
Net profits	39.48m	38.33m
Net per share	1.82	1.76
Year		
Revenue	2.69bn	2.45bn
Net profits	158.6m	159.5m
Net per share	7.22	6.85

LOEWS CORPORATION

	1980	1979
Fourth quarter	$	$
Revenue	1.16bn	1.11bn
Net profits	68.12m	61.93m
Net per share	4.49	5.25

LUBRIZOL

	1980	1979
Fourth quarter	$	$
Revenue	231.7m	199.1m
Net profits	24.73m	23.98m
Net per share	1.27	1.24
Year		
Revenue	922.7m	741.5m
Net profits	111.5m	90.8m
Net per share	5.74	4.66

RAMADA INNS

	1980	1979
Fourth quarter	$	$
Revenue	100.4m	84.0m
Net profits	7.08m	2.82m
Net per share	0.28	0.10
Year		
Revenue	387.6m	322.5m
Net profits	15.08m	12.98m
Net per share	0.56	0.48

ROYAL CROWN COMPANIES

	1980	1979
Year	$	$
Revenue	438.1m	421.4m
Net profits	10.17m	16.48m
Net per share	1.24	2.01

SHERWIN-WILLIAMS

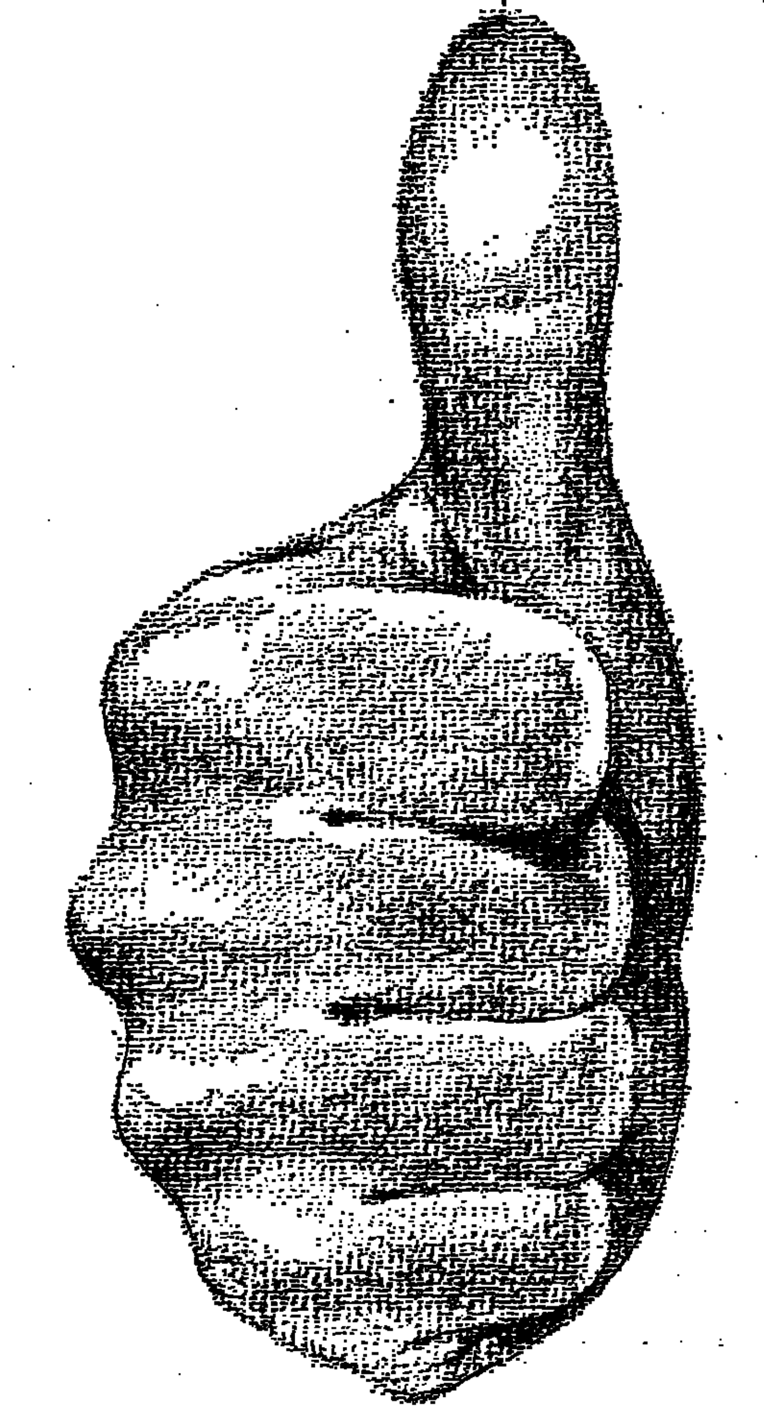
	1980	1979
Fourth quarter	$	$
Revenue	296.4m	280.7m
Net profits	3.8m	2.7m
Net per share	0.68	0.49
Year		
Revenue	1.26bn	1.20bn
Net profits	24.9m	17.5m
Net per share	4.88	3.11

VIRGINIA ELECTRIC & POWER

	1980	1979
Year	$	$
Revenue	2.12bn	1.78bn
Net profits	246.4m	198.1m
Net per share	1.97	1.83

ZENITH RADIO

	1980	1979
Fourth quarter	$	$
Revenue	332.2m	320.8m
Net profits	6.4m	7.7m
Net per share	0.34	0.47
Year		
Revenue	1.19bn	1.08bn
Net profits	26.4m	19.0m
Net per share	1.40	1.01



Fivefold gain at Toyota SA

By Bernard Simon in Johannesburg

TOYOTA SOUTH AFRICA, the country's largest and only listed motor vehicle assembler, boosted its attributable profits more than five fold last year, from R4.7m in 1979 to R24.3m in the year to December 31. Operating income jumped from R7.6m to R38.5m.

A final dividend of 65 cents has been declared, bringing the total for the year to 85 cents, against 28 cents in 1979. Despite the large increase, the dividend is more than seven times covered by earnings. Retained income totalling R20.9m (R3.5m in 1979) was deliberately kept high, to allow the company to finance a R47m investment programme entirely from cash flow. Mr. Colin Adcock, Toyota's managing director said.

Motor vehicle sales in South Africa surged upwards last year. Toyota's passenger car sales jumped from 18,795 vehicles in 1979 to 30,541, and sales of commercial vehicles rose from 25,345 to 34,840 units. Toyota's share of the motor vehicle market increased from 14 per cent to 16.2 per cent.

The company assembles vehicles under licence from Toyota of Japan and the French company, Renault. Neither company has any direct investment in Toyota South Africa.

According to Mr. Adcock, the company's plants are currently operating at "more than full capacity."

ELECTRICAL APPLIANCES INDUSTRY

VTRs give Matsushita a record year

BY YOKO SHIBATA IN TOKYO

MATSUSHITA Electric Industrial Company and 108 consolidated subsidaries, which include Japan Victor Company (JVC), have reported record sales and earnings for the year to November 20, helped by vigorous sales of video tape recorders (VTRs), and forecast further growth in the current year.

Consolidated sales increased by 23.4 per cent to a record Y2,915.6bn ($14.1bn). Consolidated net profits rose by 26.7 per cent to a record Y124.580bn ($602m). Consolidated profits per share advanced to Y95.84, from Y76.49.

Progress was aided by active capital investment and consumer spending in the first half of the year, while buoyant overseas sales reflected a relatively lower yen exchange rate in the spring and summer of 1980. A slowdown in consumer spending and the yen's appreciation in the second half of the year marginally eroded gains made in the first half.

VTR sales rose 84 per cent, to Y390bn. VTRs have become the largest single selling item for the company, accounting for 13.4 per cent of the total sales. Sales of colour television sets, by comparison, totalled Y350bn, up 18 per cent. The Matushita group, including Matushita itself, Matsushita Kotobuki (60.5 per cent owned) and JVC (50.2 per cent), has captured 50 per cent of the VTR market, on a production basis.

Domestic sales improved by 10 per cent to Y1,752bn (accounting for 60 per cent of the total sales). Overseas sales surged upwards 52 per cent to Y1,164bn or 40 per cent of total sales, on the back of strong sales of VTRs. Increasing demand for colour TV sets in the Middle East market was an another factor contributing to the huge jump in overseas sales.

An earnins gain was provided by a sales boost in high added-value products, such as VTRs. The considerably lower yen exchange rate in the first half generated exchange gains of Y11.5bn.

In the current fiscal year ending November 20, continued upturn of earnings and sales is expected with a major impetus foreseen from sales of VTR-related products. The company has lifted its capital outlays to Y170bn for the year, up from Y130bn in the previous year on a consolidated basis. Of the total capital outlay Y50bn is planned to expand capacity to produce VTR-related products. The parent company alone plans to expand VTR capacity to 200,000 units a month by the autumn, from the present 150,000 units.

A further Y20bn capital outlay is planned for expansion of semiconductor production capacity. The company plans to spend 4 per cent of total turnover on research and development activities in the current year, compared with 3.6 per cent in fiscal 1980.

The goal for consolidated net profits in the current year is set at Y137bn, up 10 per cent, on sales of Y3,300bn, up 13 per cent.

Ampol Exploration rights issue

BY JAMES FORTH IN SYDNEY

AMPOL EXPLORATION plans to raise A$35m (about U.S.$40m) by way of rights. The funds are required to finance the group's exploration programme and to help pay for the A$42.5m purchase of 14.5 per cent of the shares in Ampol Petroleum, acquired recently from Ansett Transport Industries.

Ampol Petroleum itself owns 49 per cent of Ampol Exploration and has indicated that it will take up its full entitlement.

The issue will be on the basis of one new share for every four held, at an issue price of A$2.25 a share. This compares with the current Ampol Exploration market price of A$3.55.

Ampol Exploration directors expect to maintain the present 10 cents a share dividend rate on the higher capital.

Ampol Petroleum held its annual meeting yesterday and Sir Walter Leonard, the chairman, stepped down at the request of Sir Tristan Antico, the chairman of Pioneer Concrete Services. Pioneer recently acquired 65 per cent of the capital of Ampol Petroleum. Sir Walter said he had been offered a consultancy, which he refused and had then been asked to resign at a mutually acceptable time.

He said he had been assured by Sir Tristan and his board that the integrity and identity of the company would be maintained. Ampol will change it financial year-end from September 30 to June 30 to bring it into line with Pioneer.

Woodside earnings unchanged

By Our Sydney Correspondent

WOODSIDE PETROLEUM, the major partner in the massive North West Shelf liquefied natural gas project, edged earnings 1.4 per cent higher to A$1.3m (US$ 1.51m) in the year to December. Woodside, which is seeking A$175m through a rights issue to shareholders, is still more than three years away from generating significant earnings when the Shelf gas starts flowing.

The 1980 earnings came from Woodside's 53 per cent stake in Vamgas, a member of the Cooper Basin consortium which supplies Sydney and Adelaide's natural gas requirements. The major Cooper Basin partner, Santos yesterday reported a 60 per cent increase in earnings to A$9.8m (US$ 11.38m)

● Retail group G. J. Coles has raised its dividend after a 26 per cent increase in profit in the six months to January 24. Earnings rose from A$29.8m to A$37.5m (US$ 43.55m) on a 22 per cent advance in sales, from A$1.3bn to A$1.6bn. The interim dividend is raised from 5.5 cents to 6.5 cents a share on capital boosted last year by a one for ten scrip issues.

South African chemicals group strongly ahead

By Quentin Peel in Johannesburg

AECI, South Africa's largest chemicals and explosives combine, in which Britain's ICI and South Africa's De Beers hold equal 40 per cent stakes, boosted its pre-tax profits by 61 per cent last year, to R202m ($263m), aided by the booming South African economy.

The results were based on an increase in turnover of 38 per cent to R1.23bn ($1.6bn), mostly in the domestic market, where sales volume rose by 19 per cent.

Attributable earnings increased by more than 60 per cent to R123.1m, compared with R76.6m in 1979, and the company has announced a final dividend of 27 cents, bringing the total distribution for the year to 45 cents per share, an increase of 50 per cent. Earnings per share improved from 51.5 cents to 81.1 cents.

Mr. Denys Marvin, the managing director, said all major sectors contributed to the improvement, with the performances of agricultural nitrogen, industrial chemicals, paints, plastic pipes and vinyl products particularly noteworthy.

For the first time the huge Coalplex PVC-from-coal venture, a joint operation with AECI's major rival, Sentrachem, produced a profit for the full year. The plant exported 52,000 tonnes of PVC in the year.

Exports as a whole performed considerably less well than domestic sales, increasing by little more than 13 per cent, from R55.1m to R62.2m.

Mr. Marvin forecast a further improvement in profits in 1981, although at a lower rate of growth than in the past year.

AECI's interest in fertilisers, a 49 per cent stake in Triomf Fertiliser, showed a "significant improvement" last year. The group is at present involved in a major capital investment programme, including a R150m polyethylene plant, a R40m expansion of the polymer plant at SA Nylon Spinners, and a R70m ethylene oxide plant.

Capital spending will increase to R207m in 1981, from R94m

FINANCIAL TIMES SURVEY

Thursday February 26 1981

HELICOPTERS

Despite the recession, world interest in helicopters continues to grow. Throughout the 1980s, a market worth over £25bn for more than 29,000 aircraft is expected to emerge, with increasing emphasis on meeting civil requirements for a widening variety of uses. Michael Donne, Aerospace Correspondent, reports.

A major aviation success story

THE RAPID evolution and exploitation of rotary-winged flight over the past three decades has been one of the most dramatic success stories of aviation.

Today, helicopter manufacture is one of the fastest growing areas of all aerospace activity. For the decade up to 1990, it is expected that in the free world the average rate of growth will be 8.5 per cent in the numbers of aircraft, and 11 per cent in terms of value. Total production in that decade is expected to amount to about 29,300 helicopters, worth about $29.2bn (in 1980 dollars, or about £11.23bn). This compares with the 21,000 helicopters, worth about $15bn, built from 1971 to 1980.

If the value of spares is taken into account, the value of helicopter sales in the period from 1981 to 1990 of about $29.2bn can be doubled, so that the total value of free world helicopter business in the decade ahead, is estimated at somewhere in the region of $60bn (about £25.5bn).

This expansion is due to growing recognition of the helicopter's versatility as a transport vehicle—its ability to land and take-off, almost vertically, and to hover. This has already generated a wide spectrum of uses, that is being broadened every year.

In the military role, these uses encompass transport of men and supplies, search and rescue, liaison and other communications duties, anti-tank warfare, artillery spotting and medical evacuation. In the civil role, the basic duties of search and rescue and *corporate air* transport are being supplemented by such tasks as aerial agriculture, including moving timber, building power lines and roads in remote and difficult terrain, and lifting heavy loads to the tops of tall buildings, as well as a wide range of coastguard, customs and police surveillance and traffic control duties.

There seems to be little that the helicopter cannot do, especially now that the range of available types is widening. This is *especially the case in the short*-range field of up to a few hundred miles, where most of the world's helicopter activities are still situated, although the range capability itself is being steadily extended.

The extensive, and still widening, use of new composite materials, together with improved construction techniques, is helping to reduce both manufacturing and operating costs, and thus bring down prices, which in turn is helping to widen the sphere of interest of the helicopter.

So far, this interest is largely confined to the light and medium-sized aircraft. While there is a growing interest in the bigger, heavy-lift aircraft, this is confined either to the military or to a selected few commercial industries, such as construction and forestry, and it is likely to be some time before any sizeable markets for commercial machines evolves in this area.

The world helicopter industry, outside the Soviet Union, is dominated by eight major manufacturers—Sikorsky, Bell, Boeing Vertol and Hughes Aircraft in the U.S., and Aerospatiale of France, Agusta of Italy, Messerschmitt-Bolkow-Blohm of West Germany and Westland Helicopters of the UK.

Specialists

Collectively, these eight employ around 55,000 workers, and build about 90 per cent of the free world's helicopters. They are backed up by a small number of specialist manufacturers, most of whom are working at the lighter end of the *size spectrum, including such* companies at Brantly-Hynes, Enstrom, Hiller and Kaman in the U.S., Fuji, Kawasaki and Mitsubishi in Japan, and Nurtanio in Indonesia.

In the Soviet Union, the helicopter industry is represented by two major "design bureaux"—the Kamov bureau, founded by the late Nikolai I. Kamov, which specialises in anti-submarine and missile-guidance helicopters and light aircraft for agricultural and other purposes, and the Mil bureau, founded by the late M. L. Mil, which specialises in the larger military and heavy-duty helicopters.

Details of Soviet helicopter production are not known, largely because most of the output is devoted to military purposes in both the Soviet Union and the Warsaw Pact forces. But some are also used by Aeroflot, especially in Siberia and remote regions or where terrain is difficult, and these uses are known to be expanding. *Total Soviet helicopter production* cannot be less than 1,000 aircraft a year spread over a wide variety of types, both civil and military.

Over the next 10 years, within the overall anticipated free world output of about 29,300 aircraft, it is expected that there wil be a continuation of the shift in sales patterns which has emerged in the past two or three years, with civil sales becoming much more dominant.

Estimates by Sikorsky Aircraft (a division of United Technologies) of the U.S., shows that whereas from 1971 to 1980, the total market of 21,000 aircraft was divided into 11,600 military helicopters and 9,400 civil aircraft, in the period from 1981 to 1990, the military production will amount to only about 8,000 aircraft, the civil marketing accounting for the remaining 21,000 out of the total market of over 29,000.

But while civil sales will dominate in terms of numbers of aircraft, their value will remain below that of the military sales, accounting for about 47 per cent, or $13.6bn. This is because civil types will generally remain smaller and less expensive than those required by the military, many of which will be specifically designed for heavy combat duty, such as anti-submarine warfare or troop transport.

The accompanying table illustrates the various classes of helicopter, with their relative market shares, and shows clearly that the "light" class of up to 6,000 lb gross weight will dominate the market in terms of numbers, although not by value.

It is clear that the future for all types of helicopter, civil *and military, is bright. The* U.S. will continue to dominate the scene. For the 1981-90 period, the total value of all free world sales of $29.3bn will be divided as to $13.7bn in the U.S. (of which in turn about $7.8bn will be civil and $5.9bn military), with total sales of $7bn in Western Europe ($2.4bn civil and $4.6bn military), and about $8.5bn in the rest of the free world, *of which $3.4bn* will be civil and $5.1bn military.

This U.S. dominance stems from the big demands that are, and will continue to be made on the *U.S. manufacturers* from both the off-shore oil and gas industry and the corporate executive market, while U.S. military requirements will also remain *extensive (more than* $2bn is being allocated by the U.S. Defence Department for helicopter procurement alone in 1981-82).

Any analysis of the current and future situation of the helicopter industry, however, must take account of the constraints under which the industry is working.

One of these is cash. While much funding comes into the helicopter industry from various national defence budgets, the growing emphasis on civil development is demanding substantially increased investment from the companies' own private sources.

Toughest

These are not limitless—the helicopter industry is, after all, still a young industry by comparison with fixed-wing aircraft—and it requires an investment of $250m or more to develop on a speculative basis even one new, small, light helicopter type.

Because the demand is currently concentrated in the smaller and intermediate ends of the market, this is where most investment is being made, and where competition is toughest. Demand at the heavy end of the spectrum is slowly expanding, but the investment required is concomitantly larger, requiring bigger markets to produce adequate returns.

Thus, the development of heavy helicopters for civil use is likely to be much slower than that of light and intermediate aircraft, and they are more likely to be direct derivatives of military machines than in the smaller classes. Thus, while the day of the big, inter-city helicopter is drawing closer, it is still perhaps further away than some helicopter enthusiasts might imagine.

Also, considerable further research needs to be done on environmental factors, such as noise, which is already one of the biggest obstacles to the rapid development of inter-city services and to the creation of a much larger number of city-centre landing sites.

While many of the former fears about helicopter safety are now either being removed or rapidly dissipated with the build-up of many thousands of hours of safe flying every year, with an ever-expanding fleet, it is still true that many people still regard helicopters as being too noisy, and less safe either to fly in, or to have flying around city centres, than fixed-wing-types.

This accounts for the reluctance of many local authorities to permit inter-city helicopter operations, and it will take a major campaign by all elements of the helicopter industry—manufacturers and operators—to alter this situation.

An Aerospatiale Super Puma in the colours of Bristow Helicopters, an increasingly popular aircraft in the off-shore support role

CONTENTS

HELICOPTER MARKET 1981-90*

Class of Aircraft (gross weight)	Market shares (approx.) Aircraft units Number	%	Values $ bn	%
Light (0-6,000 lbs)	19,045	65	6.72	23
Intermediate (6,000-14,000 lbs)	6,446	22	10.51	36
Medium (14,000-25,000 lbs)	3,516	12	10.22	35
Heavy (over 25,000 lbs)	293	1	1.75	6
Totals	29,300	100	29.20	100

* Estimated.

FREE WORLD HELICOPTER PRODUCTION

	Aircraft units	Value $bn	% share of market by value
1971-80 (Actual)			
Civil	9,400	4.7	31
Military	11,600	10.3	69
Total	21,000	15.0	100
1981-90 (Estimated)			
Civil	21,100	13.6	47
Military	8,200	15.6	53
Total	29,300	29.2	100

ESTIMATED AREA DISTRIBUTION BY VALUE, 1981-90 ($bn)

	U.S.	Europe	Rest of free World	Total
Civil	7.8	2.4	3.4	13.6
Military	5.9	4.6	5.1	15.6
Total	13.7	7.0	8.5	29.2

All values in 1980 dollars.

Source: Sikorsky Aircraft U.S

Major builders in tough competition

MANUFACTURERS

THE WESTERN world's helicopter industry is primarily composed of eight major manufacturers, of whom four are based in the U.S. (Sikorsky, Bell, Hughes and Boeing Vertol), and four in Western Europe (Aerospatiale in France, Westland in the UK, Agusta in Italy and Messerschmitt-Bolkow-Blohm in West Germany).

These manufacturers account for about 90 per cent of the free world's total helicopter output, the remainder being accounted for by the handful of specialist and smaller manufacturers. Competition between them is tough.

Helicopters are broadly classified according to their gross weight into four main classes. The light class covers aircraft up to about 6,000 lb gross weight, the intermediate class covers aircraft of between 6,000 lb and 14,000 lb, the medium class aircraft between 14,000 lb and 25,000 lb, and the heavy class aircraft of upwards of 25,000 lb.

Sikorsky Aircraft, of the U.S., has some 11,500 employees, five factories, and sales of over $600m a year. It operates in the intermediate, medium and heavy classes of helicopter with the S-76 civil transport aircraft, the medium Blackhawk/seahawk military helicopters for the U.S. army and navy and the big heavyweight CH-53E Super Stallion for the U.S. Navy. Sikorsky is also now studying ideas for bigger, heavyweight lifters, and also has ideas for perhaps an eventual 18-30 seater medium-sized civil transport helicopter.

Sikorsky is also flying a research aircraft, designed to study rotor blade developments, called the Advancing Blade Concept Helicopter (ABC).

Bell Helicopter Textron, a division of Textron Inc., employs about 9,200, and builds helicopters primarily across the light, intermediate and medium classes, such as the JetRanger, the new 222 eight-ten seat civil twin-turbine helicopter, which has already achieved considerable success in the offshore oil support and corporate executive market, and the 214 16-seat transport aircraft.

Bell has produced to date more than 25,000 helicopters for both civil and military purposes, with the Model 206 JetRanger in its various versions being one of the world's most popular light helicopters, with over 6,000 built by both Bell and its licencees, of which over 2,300 have been for civil customers world-wide.

Successful

Boeing Vertol, part of the big Boeing group, employs about 5,200 and concentrates on the medium and heavy end of the scale, with its major current programmes being the military twin-turbine tandem-rotor CH-47D Chinook, and the commercial 234 helicopter, derived from the Chinook.

Boeing Vertol's series of twin-rotor aircraft are the most successful big military helicopters of all time, for over 2,500 have been ordered over the past 20 years by the U.S. armed forces and those of other nations. The aircraft is still in production, the latest version being the CH-47D Chinook, bringing total Chinook production alone to more than 1,000 aircraft.

Under recent big contracts from the U.S. armed forces, several hundred earlier twin-rotor helicopters, including various models of the H-46, are being returned to the Philadelphia factory of the company for extensive modernisation to give them an operational life into the 1990s.

The company is also expecting big things from the commercial 234 version of the Chinook. This is the first commercial 44-seater in the world. Orders and options now total more than 16 aircraft, with British Airways Helicopters buying six. The most recent addition to the list is Asahi Helicopters of Japan with an option for two aircraft for delivery in the mid-1980s.

Hughes Helicopters, a division of the U.S. Summa Corporation, employs 4,300 and is working in the light and medium areas, with such types as the Model 500 light helicopter and the new medium AH-64 Advanced Attack Helicopter for the U.S. Army. The latter is one of the U.S. Army's major new ventures, which is likely to keep Hughes busy for many years. Nearly $500m is earmarked in the 1981-82 U.S. Defence Budget for the initial procurement of the AH-64.

At the recent annual convention of the Helicopter Association of America, Hughes announced plans for an improved and stretched version of its popular Model 500D, called the Model 600X, to give improved comfort for the 5-6 passengers, and with improved range capability.

In Western Europe, the biggest manufacturer in terms of numbers of aircraft is Aerospatiale of France.

During 1980, Aerospatiale and its U.S. subsidiary, AHC, achieved sales of FFr 3.2bn (£284m), of which 78 per cent were export sales, and they delivered 345 helicopters of various types. New orders logged in 1980 amounted to FFr 6.2bn, of which 85 per cent were for export to 39 countries. The new orders covered 639 helicopters, including provision for the licence production in Indonesia by Nurtanio of the Puma and Super Puma medium transport aircraft, and for production in China of the 10-14-seat Dauphin intermediate class of aircraft.

Aerospatiale says that its success last year stemmed mainly from the acceptance in world markets of the Ecureuil/Astar six-seat light general purpose helicopter, the twin-engined Ecureuil 2/Twinstar, the Super Puma medium transport aircraft and the Dauphin 2. Aerospatiale says that because the prospects for 1981 are "as favourable as for the previous year, all the production programmes are being increased in order to meet the demand."

During 1979-80, Westland Helicopters of the UK achieved sales of £178m and delivered 97 helicopters, of which 84 were manufactured in collaboration with Aerospatiale. Westland says it is ahead of schedule on Sea King, Puma and Gazelle helicopters, and it continued during the year to reduce the backlog of spares orders.

Although the year was a disappointing one for orders in the export market, repeat orders were nevertheless obtained for Sea King and Navy Lynx aircraft.

The company is placing considerable emphasis on its new WG-30 private venture transport helicopter, for which it has laid down a batch of 20 aircraft on a speculative basis. British Airways Helicopters has ordered two aircraft, the first customer. The aim is to introduce a civil version of the WG-30 on to the Penzance-Isles of Scilly and North Sea routes in 1982.

At the same time, Westland is actively promoting international collaborative efforts with Agusta of Italy, through the joint company, EH Industries, for the development of a new EH-101 aircraft as a big Sea King and SH-3D replacement for anti-submarine warfare.

The third largest manufacturer in Western Europe is Agusta, with about 7,600 workers, and operating across the light, intermediate and medium classes, from the A-109A general purpose aircraft, through the A-129 Mongoose anti-tank helicopter to the big SH-3D anti-submarine warfare aircraft.

Agusta undertakes licence production of a number of U.S. helicopters, including the Bell PetRanger and other aircraft.

Agusta has developed its own indigenous designs also, however, including particularly the A-109A high-speed, high-performance twin-engine general purpose aircraft, while considerable interest and emphasis is now being placed on the new A-129 Mongoose for military purposes.

Lively

The smallest manufacturer in Western Europe is Messerschmitt-Bolkow-Blohm of West Germany, employing about 1,400 workers. It is active in the light and intermediate areas on such aircraft as the BO-105 light personnel transport aircraft and the new PAH-2 anti-tank helicopter. It is also developing with Kawasaki Heavy Industries of Japan the new BK-117 8-10 seat multi-purpose civil and military twin-turbo-shaft helicopter.

The smaller, specialist manufacturers collectively represent a lively addition to the world helicopter scene, working mostly in the smaller, light end of the size spectrum, although Kawasaki of Japan is building the twin-rotor Boeing Vertol 107 under licence, and Mitsubishi builds the Sikorsky S-61 series under licence.

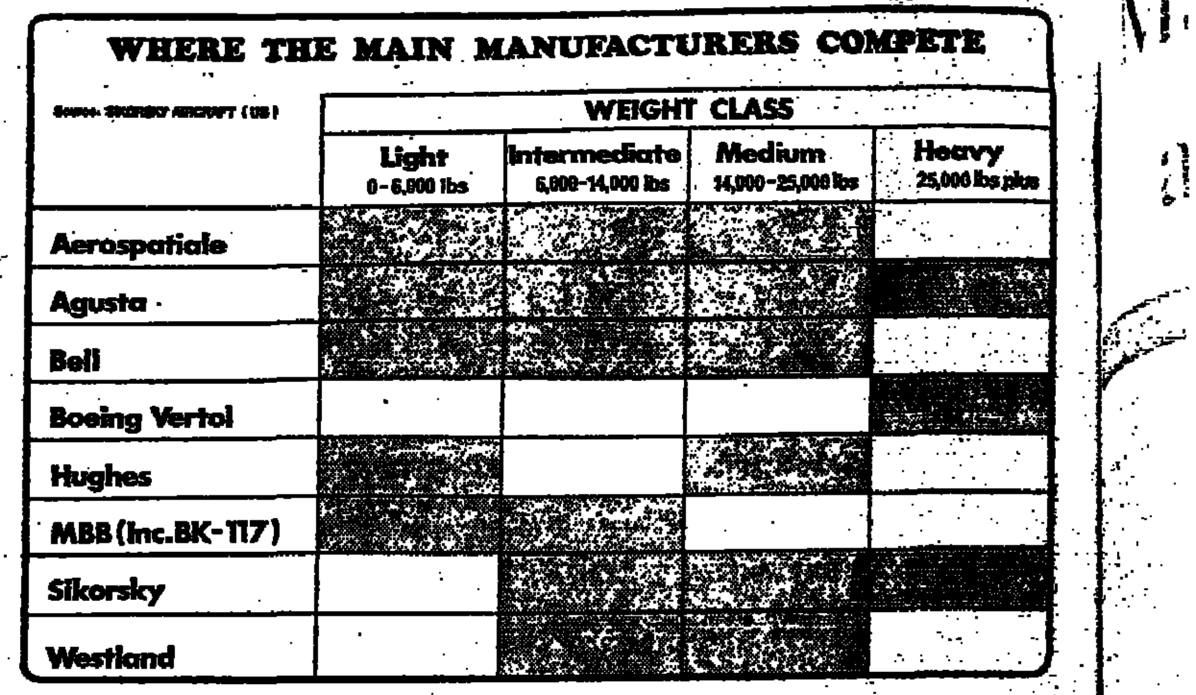
On the engine side, there is also only a handful of manufacturers, comprising General Electric, Allison and Avco Lycoming of the U.S., Pratt and Whitney Aircraft of Canada, Turbomeca of France and Rolls-Royce of the UK.

General Electric's range includes engines for the Sikorsky Blackhawk, Seahawk, the Hughes AH-64 Advanced Attack Helicopter and other aircraft. Allison builds the 250 Series of engines for a wide variety of helicopters.

Avco Lycoming produces the LTS-101 series, for a wide range of helicopters including the Bell 222 and several Aerospatiale types. Pratt and Whitney of Canada has so far delivered engines for nearly 1,500 helicopters, again covering a wide range of types.

The major Rolls-Royce engine is the Gem, used in the Westland Lynx multi-role helicopter, but a later version of the engine is destined for the Westland WG-30 transport helicopter.

Turbomeca's principal products include the Arriel, used in various Aerospatiale aircraft, and the more recent Makila, which is the engine for the new Super Puma helicopter of the type ordered by Bristow Helicopters.



List of uses grows all the time

CIVIL MARKET

THE WORLD helicopter market has in the past been dominated by the military requirements of the major nations, but the trend is now increasingly towards the development of types of aircraft specifically designed for a widening spectrum of civil uses.

The earliest civil helicopters, which were barely-disguised derivatives of military machines, have now given way to elegant and economic aircraft which for short-range work, up to several hundred miles, can come close to, if not rival, the fixed-wing aircraft's operating costs, while having the ability to take off and land in exceptionally confined spaces.

As a result, the list of civil uses continues to lengthen, ranging from offshre oil support duties, transferring men and materials from shores to rigs; executive and corporate transport roles; police patrols; pipeline patrols; traffic surveillance and control; search and rescue; lighthouse relief and support duties; coastguard and shore patrol duties; aerial surveying of all kinds; crop-dusting, and supply dropping.

The bigger helicopters, such as the Boeing Vertol Chinook and Sikorsky S-61N, can be used as weight-lifters in the construction industry, in forestry, for spinning cables across difficult terrain, and for airlifting construction teams and supplies into otherwise unapproachable areas.

Including the 21,000 helicopters built during the past 10 years, the total world fleet is estimated at about 41,000, of which it is estimated that 18,000 are in the U.S., 17,000 in the free world outside the U.S., and some 6,000 in Eastern Europe, the Soviet bloc and China.

Derivatives

Of these, in turn, it is estimated that only about 14,000 are civil helicopters, of which some 8,000 are in the U.S. and about 6,000 in the free world. But the vast majority of all the so-called "civil" helicopters are in fact derivatives of military machines.

One of the best examples of a civil work-horse helicopter derived from an original military design is the Sikorsky 6-61N, now used extensively in off-shore oil and gas industry support duties but originally developed for the U.S. armed forces.

For the next decade, it is estimated that 29,000 helicopters will be built in the free world, worth just over $29bn, and that of these about 21,000 will be civil, and the remaining 8,000 military, representing a marked swing from the trend apparent during the past decade.

The total value of the civil market in the 1980s will be about $13.6bn, with an average annual growth rate in value terms of about 11 per cent. Again, the U.S. is expected to dominate the free world market, with about $7.8bn in civil sales. But Western Europe is still likely to generate a large market, covering at least 2,000 machines, with a value of about $1.3bn.

The divergence of designs into distinctive civil and military areas is due to a number of factors. The most significant is that the increasing awareness of the value of the helicopter in a wide range of civil fields is dictating specialist civil requirements that either cannot be met by adapting military designs, or simply do not exist in military aircraft.

Cost-effectiveness and economy is paramount in civil aircraft, whereas in military aircraft, although those factors are undoubtedly highly important, combat-effectiveness is paramount.

Virtually the only features that are suitable for both military and civil designs are a high level of reliability, ease of maintenance, and exceptional ability to survive accidents.

At the same time, the increasing use of composite materials in all helicopter manufacture (such as kevlar, graphite epoxy and fibreglass) is paying dividends in the civil market, with reduced weight and higher strength. At the same time, progressive refinements of manufacturing technology are resulting in the need for fewer parts, especially moving parts in rotorheads and transmissions systems, thus also leading to lower costs.

This combination of improved designs and new materials is leading to longer-lasting parts, leading in turn to longer times between overhauls, in turn leading to lower maintenance and replacement costs and thus to cheaper operating costs.

A good example of a new helicopter designed for the civil market is the Sikorsky S-76 (formerly called the Spirit). Designed to met the exceptionally strong demand emerging in the offshore oil, executive travel, air taxi and agricultural markets, there are now 125 S-76s in service, with more than 440 ordered from over 111 customers in 27 countries.

Production is running at more than eight aircraft a month, and Sikorsky (a division of United Technologies) is expecting to sell about 1,600 S-76s in the next 10 years. About 60 per cent will go to the offshore oil industry, about 20 per cent to the executive transport market, and the remainder to the general "utility" market.

With its already extensive experience across a wide range of intermediate, medium and heavy-lift helicopters, Sikorsky is now studying the possible development of an 18-30 passenger medium civil helicopter, with a speed of up to 175 knots and a range of up to 600 nautical miles. But Sikorsky will need to be assured of an adequate market before commiting an investment of around $250m on its development.

An Italian Agusta 109A high-performance aircraft over the City of London

The new Boeing 234 is also of considerable significance in the civil market of the future. This is the commercial version of the military Chinook twin-engined, twin-rotor helicopter. It is a 44-passenger design, intended for both passenger and cargo work in an offshore role, for which British Airways Helicopters has ordered six (the first commercial customer for the aircraft).

With its ability to fly non-stop for up to 650 nautical miles, this aircraft seems likely to revolutionise the economics of the offshore oil industry, and many potential customers world-wide will be watching the BA operation carefully when it gets under way this summer.

The new Westland WG-30 is also under development for the civil market as a private venture for both military and civil duties, but with the latter a major target. It will be used either as a six-seat executive aircraft, or a 17-seat airline-style aircraft, with capacity for up to 21 seats in a high-density configuration.

The operating range of the twin-turbined WG-30 is nearly 400 nautical mines. The certification flight trials are on programme, and the company has laid down a batch of 20 helicopters on a speculative basis.

British Airways Helicopters has become the first customer, with an order for 2 aircraft, worth over £2m, with the aim of introducing the civil WG-30 on the Penzance-Isles of Scilly and North Sea routes in 1982.

Behind the development of helicopters for the civil market lies the need for improved engine developments, to give better fuel consumption and lower noise levels. The first is essential to enable operators to meet the rapid escalation in fuel costs, while the latter is vital if, in the long term, more local authorities are to be encouraged to permit helicopter operations from sites in the centres of cities. The lack of sufficient heliports or even simple helipads is already a severe restraining factor in the expansion of civil helicopter sales for both private and corporate use.

Moreover, the development of larger, inter-city types of aircraft, that could rival fixed-wing airliners in terms of costs, and beat them in terms of travelling time, is not likely to be encouraged by the present attitudes of most local authorities.

These attitudes stem from fears about the safety as well as the noise of helicopters, and helicopter airframe and engine manufacturers and operators must try to eradicate them by demonstrating that the helicopter is a safe vehicle to fly and by improving manufacturing and operating techniques, that it is far less noisy than is often claimed. The provision of many more urban and city-centre helicopter landing sites could revolutionise inter-city transport, especially on short hauls, eventually stimulating the development of larger, more economic 100-seat helicopters.

HELICOPTERS III

Manufacturers prepare for a new range of aircraft

MILITARY MARKET

THE EVOLUTION of the helicopter over the past 30 years has been stimulated mostly by the demands of the military. On land, these requirements have included troop transport both on and off the battlefield, the swift deployment of weapons and supplies, medical evacuation, surveillance for artillery purposes, and more recently, the use of helicopters as "gunships" in their own right, armed with rockets or more sophisticated guided weapons.

At sea, aboard aircraft carriers or smaller vessels such as frigates or destroyers, helicopters have been used for search and rescue missions, for the airlifting of men and supplies between ships and shore, and for anti-submarine warfare, extending the ability of the fleets to see beyond the horizon and to detect and destroy enemy submarines and also small surface craft.

This wide variety of roles has spawned in turn an exceptionally wide range of helicopter types, from the big heavy-lift helicopters such as the Sikorsky CH-53E Super Stallion, down to the small Anglo-French Gazelle light transport and liaison helicopter.

Rapid change

The current free world fleet of military helicopters is about 27,000 aircraft (out of a total free world fleet of all types of 41,000 aircraft, the remaining 14,000 being civil machines). Most of these are performing valuable service, but the technology of modern warfare itself is advancing so rapidly that a new generation of military helicopters is needed for the 1980s and beyond, which the manufacturers on both sides of the Atlantic are now moving to meet.

The U.S. armed forces are the free world's biggest single spenders on helicopters, with over $2bn earmarked in 1981-82.

The U.S. Army alone has more than 9,000 helicopters in service, and several major new programmes under way.

One of the latter is the Sikorsky UH-60A Blackhawk, designed to met the U.S. Army's Utility Tactical Transport Aircraft System requirement for a vehicle that will combine such roles as troop transport, medical evacuation, aerial surveillance on the battlefield, and even that of a gunship. With over 100 aircraft already in service, out of a total of 250 ordered, the Blackhawk is already evolving into a family of aircraft, and is likely to be around for a long time to come.

One new variant now under consideration is the Stand-Off Target Acquisition System, or SOTAS, designed to detect the movement of enemy forces and convey that information to battlefield commanders. Up to 78 Blackhawk helicopters equipped with this system are expected to be ordered by the U.S. Army.

The U.S. Navy is interested in a development of the Blackhawk, called the Seahawk, under its LAMPS (Light Airborne Multi-Purpose System) for anti-submarine warfare, anti-ship surveillance and targeting, search and rescue and other missions. A production of 204 aircraft is eventually planned, with the first production order expected later this year.

Another Sikorsky machine, also for the U.S. Navy and Marines, is the Sikorsky CH-53E Super Stallion, a three-engine 56,000 lb heavy-lift helicopter for carrying assault troops, transporting supplies, the recovery of crashed aircraft, minesweeping and mobile construction tasks.

At present, a production contract for 20 aircraft has been awarded to Sikorsky, but eventually it is expected that 49 Super Stallion aircraft will be ordered, both for the Marines and the U.S. Navy. This aircraft could also eventually have commercial roles, as a heavy-lift helicopter in the logging and construction industries, and also as a loader and unloader of container-ships. Its unique capability of lifting up to 16 tons over distances of up to 50 nautical miles could make it invaluable in relieving port congestion in many parts of the world.

Other major U.S. military helicopter programmes now under way include the development of the Hughes Advanced Attack Helicopter, the AH-64. A 56-month development programme on this aircraft is expected to be completed this coming August, with a production decision expected by December. The U.S. Army's requirement for this aircraft is 536 helicopters.

At Boeing Vertol, not only is the famous CH-47 Chinook twin-rotor medium to heavy lift helicopter still in production, with 970 aircraft delivered over the past 20 years, but also its development continues, with the latest "D" model, embodying many improvements, being ordered directly by the U.S. Army. Boeing Vertol is also now involved in a major "remanufacturing" programme, progressively converting 436 of the older Chinooks into the latest "D" models, giving this helicopter a production background that will last into the 1990s.

The RAF is also a big buyer of the military Chinook, with its order for 33 aircraft now being delivered from Boeing Vertol's Philadelphia factory. The Chinook can carry up to 44 fully-equipped troops, or up to 10 tons of fuel and other supplies. It has a range of about 250 miles, and will supplement the Puma tactical transport helicopter already in RAF service. Deliveries of RAF Chinooks will continue through 1981, and squadrons will be based in the UK and West Germany.

Significant

In Western Europe, the most significant military helicopters developed recently have been the three aircraft emerging from the Aerospatiale-Westland Anglo-French helicopter package—the French-led Gazelle light liaison helicopter and the larger, medium-sized Puma tactical transport (both of which have already also been further developed for civilian roles), and the British-led Lynx multi-purpose helicopter. This is in service and on order for the Royal Navy and several foreign navies for a wide variety of tasks, including coastal surveillance, fishery protection, anti-submarine warfare, search and rescue and general fleet duties. Much of the knowledge derived from the Lynx is being built into the new Westland WG-30 for both civil and military duties.

A much larger, heavier helicopter which has also had considerable succes is the Westland Sea King, a development from the original Sikorsky S-61 helicopter, and now used extensively by the Royal Navy for anti-submarine warfare and search and rescue.

The Sea King has been in service with the Royal Navy for several years, but the rapid advances in the technology of anti-submarine warfare in the recent past have led to a requirement for an eventual Sea King replacement in the latter half of the 1980s.

Westland Helicopters is now studying this in conjunction with Agusta of Italy, and the two companies have set up a joint organisation, EH Industries, to undertake the design, development and ultimate production of a new anti-submarine warfare aircraft, the EH-101, details of which have yet to be released. It is hoped that eventually the helicopter industries of France and West Germany will also join this consortium.

Another major helicopter development now under way in Western Europe is an anti-tank warfare aircraft, the PAH-2 (Panzerabwehr Hubshcrauber 2). The massive deployment by the Soviet Union of tanks supported by Hind (Mi-24) assault helicopters armed with anti-tank and anti-personnel weapons has led to the need for anti-tank helicopters for the NATO forces. The development of the PAH-2 by the French and West German industries (Aerospatiale and Messerschmitt-Bolkow-Blohm) is at the difinitive stage, but an eventual French and West German requirement for up to 320 aircraft is foreseen.

Anti-tank helicopter requirements are also occupying much attention in the Italian industry, with Agusta pressing on with development of its A-129 Mangusta (Mongoose) light anti-tank aircraft for the Italian Army, with a first flight expected in 1982.

In the UK, it is thought that a development of the existing Army version of the Westland Lynx could meet anti-tank requirements. The danger lies in the proliferation of designs for light anti-tank helicopters, with the resulting waste of resources, and it remains to be seen whether all the various ideas either now mooted or being actively explored can be brought together into one common programme under the aegis of the NATO procedures for harmonising weapons development and procurement.

Objective

For the longer-term, Boeing Vertol is already studying a concept for a heavy lift helicopter that could meet the U.S. Navy's plans (called the HXM concept) for a fleet of aircraft capable of air-lifting 5,400 troops and 196 vehicles ashore in 90 minutes. The objective is to find a helicopter that would replace the existing CH-46/CH-53 fleets (Chinooks and Sea Stallions) by the mid-1990s.

The Navy is expected to issue a "Request for Proposals" in 1982, that would require interested manufacturers to draw up "concept studies." The initial operational date is seen as some time between 1993 and 1995, giving a 10-year design, development and production time-scale.

This programme is a vast one, eventually requiring some $1.1bn in research and development costs, and some $4.5bn in production costs, which would make it without doubt the biggest single helicopter programme in history.

Because of the interest in the plan by other NATO countries, it is possible that a joint-bidder system might be adopted, with other NATO countries joining with U.S. companies, or submitting their own designs, with the resulting aircraft being used more widely outside the U.S.

It is doubtful whether the U.S. manufacturers would be interested in dispersing any of their technology on a joint-bidder scheme, but there is little doubt that EH Industries (Westland and Agusta) in Western Europe could submit their own design for an EH-101 medium-heavy lift helicopter in any NATO-supported competition that might emerge.

The Westland WG-30, as a military transport helicopter, can carry up to 22 men. It uses the well-proven Lynx engine, gearbox, blades and transmission system

Emphasis on military types

SOVIET UNION

VISITORS TO the Paris International Air Show in recent years will have seen probably the biggest helicopter that has yet flown—the Mi-10K Flying Crane, a massive single rotor aircraft weighing 54,400 lb and capable of carrying slung under its fuselage payloads of over 24,250 lb. The possibility of further developments of the aircraft to enable it to carry payloads of over 30,000 lb, is not discounted in the West.

This kind of aircraft, while it might well have military uses, such as carrying light tanks or other vehicles, has clearly been developed for civilian purposes in the vast under-developed lands of the Soviet Union, for carrying large loads to remote communities, especially in winter when surface transport is impossible. At the most recent count, about 60 of these giant helicopters have been built, including the earlier Mi-10 version, and the series remains in production.

The Mil Bureau, originally founded by the late Mikhail L. Mil, is one of only two helicopter design and production bureaux in the Soviet Union, the other being the Kamov Bureau, founded by the late Nikolai I. Kamov. The Mil organisation is responsible for large helicopters, in the medium and heavy classes, while the Kamov Bureau is responsible for smaller aircraft, in the light, intermediate and medium classes.

Very few financial or numerical details of Soviet helicopter production are available, but U.S. intelligence reports in recent years have indicated a substantial expansion in helicopter production for the armed forces as part of the overall build-up of conventional weapons. The most recent estimate suggests that, civil and military combined, total Soviet output may be running at well over 1,000 aircraft a year of all kinds.

The rapid pace of Soviet helicopter development has been due to heavy emphasis on the development of new turbine engines for such aircraft, enabling all new designs to be turbine powered; improvements in production techniques, especially of castings and in blades and transmission systems; and improvements in equipment such as electrical systems.

From inspections made of those helicopters which have appeared at Paris Air Shows in recent years, the Soviet industry appears to be technically just as highly developed as that of the U.S., and in some areas, such as heavy-lift capability, it is probably further advanced, as the Mi-10 series demonstrates.

Probably the two best known of all Soviet helicopters are the Mil Mi-24 Hind (the code name given to that aircraft by NATO) and the heavy transport helicopter, the Mi-8 Hip.

Assault craft

The Hind is present in large numbers with the Soviet and Warsaw Pact forces in Central Europe. This medium-sized aircraft of about 22,000 lb weight is widely employed as an assault aircraft, carrying squads of up to eight troops at a time, and also as a "gunship" with a wide variety of armament, both for combat with other helicopters and as an anti-tank missile carrier.

Although details of production remain obscure, it is believed that well over 1,000 have been built in recent years, most for military use in Europe but it has also been exported to such countries as Afghanistan, Algeria, Iraq, Libya and South Yemen.

The Mi-8 Hip heavy transport helicopter is also a widely used aircraft, and together with its civil version it is believed that more than 6,000 have been built, with production running at several hundred aircraft a year. A development from the Hip is the Mi-14 Haze anti-submarine warfare helicopter.

Recent intelligence reports in the U.S. have suggested that the Soviet Union is now also developing a new operational heavy-lift helicopter, and also a new anti-submarine warfare aircraft for the Soviet Navy, both of which are expected to become more apparent some time towards the mid-1980s.

Among the current products of the Kamov Bureau are two aircraft well known to NATO, the Ka-25 (Hormone) twin-turbine engined medium-weight helicopter, with contra-rotating rotors, used on ships for anti-submarine warfare duties (especially aboard the anti-submarine cruisers Kiev and Minsk), and the Ka-26 Hoodlum, a twin-engined light aircraft, which has found a wide range of uses in aerial agricultural operations, air ambulance services and light transport, with over 1,000 believed to have been produced so far.

HELICOPTERS IV

Cutting costs and widening the market

COLLABORATION

INTERNATIONAL collaboration in the development of military helicopters has been a major feature of the West European helicopter industry in recent years, as a means of reducing costs and widening markets, and it remains a significant element in helicopter development today on this side of the Atlantic.

The concept in fact goes back for many years. Many of today's West European helicopters have evolved from designs originating from the major U.S. helicopter manufacturers, notably Sikorsky, and to that extent international collaboration can be said to have stemmed first from licence production, leading to the evolution of indigenous ideas built on the technical knowledge gained from the work done by European manufacturers on the U.S. designs.

More recently, however, the European industry has branched out on its own, and the first tangible results of specifically European produced internationally-collaborative helicopters came with the Anglo-French "package" of the mid- to late-1960s that resulted in three aircraft.

In production

These were the Gazelle SA-340 light liaison helicopter, the medium SA-330 Puma tactical transport helicopter, both of which were French-led by Aerospatiale (although both countries had a share of design, development and production), and the Lynx multi-role helicopter, which was British-led by Westland, but again with Aerospatiale participating in the development and production programme.

All three helicopters remain in production today, in various versions. All of them have also spawned civil variants. The Gazelle is now widely used as a light transport aircraft but also as an anti-tank missile carrier in a military role. The Puma has evolved into a highly successful transport aircraft, especially for North Sea offshore oil support operations (Bristow Helicopters of the UK recently ordered 35 Super Puma AS-332L aircraft worth about $200m). The Lynx in turn, while still in production for the UK and foreign navies, has yielded much technology for the latest WG-30 civil and military helicopter, now under development by Westland.

Efforts by the governments of the four European countries mainly involved in helicopter production (UK, France, Italy and West Germany) to promote international collaboration led some time ago to the creation of a Steering Committee for European Collaboration, which meets regularly in each country in turn and which also meets regularly with representatives of the four main companies to review policy and progress. Thus, while the number of specific collaborative projects may so far be comparatively small, there is no lack of consultation on what needs to be done in the helicopter field.

The Ministers of Defence of the four countries concerned have also agreed, through a memorandum called a "Declaration of Principles," to try to work together to develop and manufacture new helicopters and engines and associated equipment. The aims behind these principles are to try to evolve a truly European helicopter industry, operating across the entire spectrum of aircraft, that can meet not only the needs of NATO but also those of other countries overseas.

But while these notions may be fine in principle, they are proving slow to implement in practice. As Mr. Basil Blackwell, chairman of Westland Helicopters, has pointed out: "Launching new military projects on a national basis can be a slow process, constrained as we are in the Western world to ensure accountability to our democratically elected political bodies and through them to the taxpayer.

"It is inevitably slower still when two or more sovereign nations have to agree before the go-ahead is given. European helicopter collaboration has not found a quick way round this problem."

But individual industrial initiatives appear to be making a breakthrough. Both Westland Helicopters and Agusta of Italy, in the light of their individual countries' needs for replacements for the big Royal Navy Sea King and Italian Navy ASH-3D anti-submarine warfare helicopters, have already begun to collaborate on a common design. They have formed a joint company, EH (for European Helicopter) Industries, jointly owned by Westland and Agusta, and registered in England with offices in London.

The first design emerging from this joint venture is called the EH-101, an anti-submarine warfare helicopter, on which much preparatory work has been done, with a view eventually to producing a helicopter of between 25,000 lbs and 30,000 lbs all-up weight, for both anti-submarine warfare and other roles.

Westland Aircraft group's chairman, Lord Aldington, said in the company's last annual report, however, that this project had not advanced as far "as either we or Agusta would have wished. Governments not having been ready to proceed to the next phase."

Despite these uncertainties over funding, both companies are hopeful that this problem can be overcome, and that eventually not only will the EH-101 emerge, but that perhaps also the other major European helicopter manufacturers might participate.

Other projects

This form of collaboration differs from that involved in the Anglo-French package, where each country leads on the development of a specific helicopter, with the other participating in the production phase. With EH Industries, both Westland and Agusta are working closely together right from the design stage, with the joint company allocating the detailed work on design, development and production.

Apart from the EH-101, Westland Helicopters is exploring with Agusta the feasibility of collaboration on other helicopter projects. As Lord Aldington has said: "I expect collaboration between helicopter manufacturers, in one form or another, to be an important element for us and others in the 1980s and 1990s."

Other major examples of international helicopter collaboration in Western Europe include the joint Franco-West German Messerschmitt-Aerospatiale PAH-2/Helicoptere Anti-Char, a programme for an antitank helicopter for service with the armed forces of both countries in the second half of this decade.

This aircraft (the Panzerabwehr Hubschrauber 2 or Helicoptere Anti-Char) is being led by MBB of West Germany, which is responsible for the rotor system, fuselage centre-section, equipment, controls, hydraulic and fuel systems, engine installation, electrical and automatic flight control systems and overall design integration.

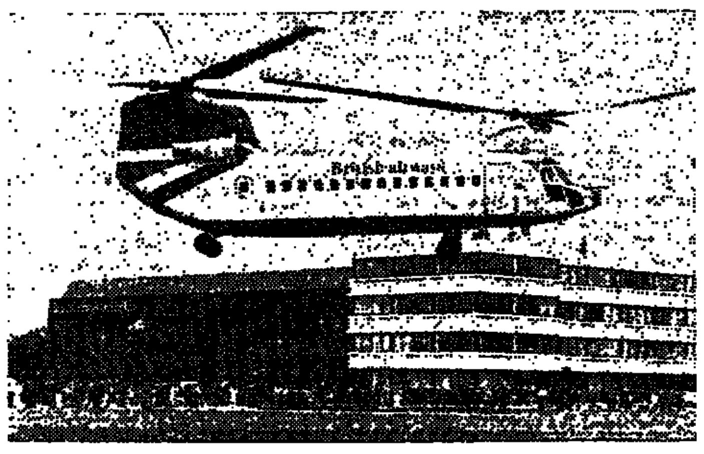
Aerospatiale has the responsibility for main and tail rotor gearboxes, forward fuselage and cockpit tail-boom, control surfaces, landing gear, and the integration of the avionics and weapons systems.

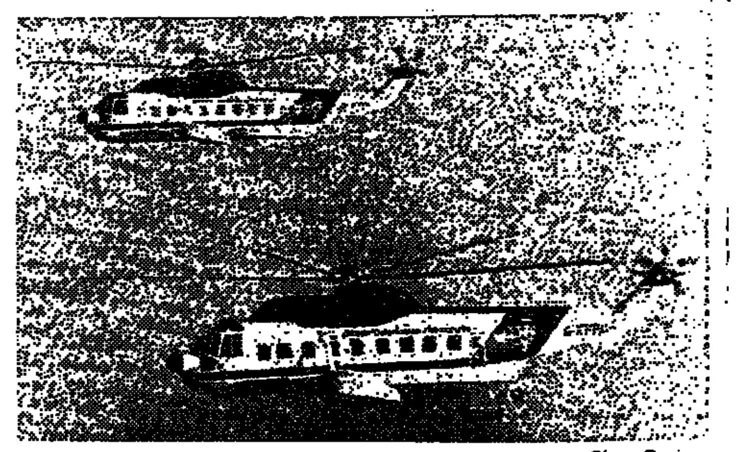
The West German Army has a requirement for 212 PAH-2s, while the French armed forces will acquire about 120, thus making it one of the biggest helicopter programmes in Western Europe. Armament of the PAH-2 will be the Hot anti-tank missile.

Another major international venture now in progress is that between Messerschmitt-Bolkow-Blohm and Kawasaki Heavy Industries of Japan on the BK-117 twin engine, single rotor multi-purpose helicopter. The agreement to go ahead with this venture was signed between the two companies in early 1977, and financial support for the programme is coming from the Governments of both countries.

The aircraft is primarily intended for civil purposes as an 8-10 seater, and already orders for more than 100 BK-117s have been received. Deliveries of production aircraft are expected to start later this year.

All three Japanese helicopter companies, Fuji, Kawasaki and Mitsubishi, are involved in international collaboration in some form or another. Fuji Heavy Industries manufactures the U.S. Bell 204B and UH-1H helicopters under sublicence from Mitsui, Bell's Japanese licensee. Kawasaki Heavy Industries builds the Boeing Vertol twin-engined, twin-rotor KV107 under licence for a wide range of operators as well as the U.S. Hughes 500; while Mitsubishi holds licences to build Sikorsky S61 helicopters of various versions.





Glyn Genin

A Boeing Vertol Z34 commercial Chinook (left) the first to be operated by a civil customer at British Airways Helicopters' headquarters at Gatwick Airport. British Airways will use six Chinooks on North Sea oil contracts. Right: Sikorsky S61Ns of British Caledonian Helicopters

Convenience a major attraction

OPERATORS

THE USE of helicopters in the UK has been expanding rapidly in recent years as more and more companies, executives and private individuals have discovered their convenience.

The British Helicopter Advisory Board was formed in 1969 by several leading members of the helicopter fraternity in the UK, to provide a single, authoritative voice to speak for the whole helicopter body. It is a non-profit making organisation. Membership of the Board now ranges from major manufacturers and helicopter operators through to private individuals, covering about 450 of the 500 or so helicopters currently on the UK civil register.

Both Rolls-Royce, as helicopter engine manufacturers, and Westland Helicopters as makers of the aircraft, are members of the BHAB, but membership also includes more than 100 companies, individuals and organisations either owning or operating helicopters or who in some other way, such as supplying equipment, are directly associated with the rotary-winged field.

Among the major helicopter operators in the UK are Air Hanson, Alan Mann Helicopters, Bristow Helicopters, British Airways Helicopters, Dellar Helicopters, McAlpine Helicopters and Management Aviation, but there are many others, with a fleet that collectively covers virtually every type of helicopter built, from small single piston-engined aircraft such as the Bell 47, Enstrom Shark and Hiller 12, seating two to three passengers, up to the Boeing 234 44-seat commercial version of the Chinook.

UK's biggest

The biggest helicopter operator in the UK, and indeed one of the biggest in the world, is Bristow Helicopters, with a fleet of more than 60 aircraft including 23 Sikorsky S-61N 24-seaters and 10 Sikorsky S-76 12-seaters.

Bristow recently ordered a $200m fleet of 35 Super Puma AS-332L helicopters from Aerospatiale of France, for delivery from 1982 onwards, for use in North Sea offshore oil and gas support roles. Aerospatiale has now christened the AS-33L the Super Tiger.

Bristow's main base is at Redhill, and it has others at Aberdeen, North Denes (Yarmouth), Dalcross (Inverness), Isle of Skye, Sumburgh and Unst (Shetlands).

The second largest UK operator is British Airways Helicopters, with a fleet of more than 30 aircraft, including a small JetRanger, four S-76s and 23 of the big S-61Ns for North Sea operations. Six Boeing 234 44-seat, 600-miles range helicopters are now being delivered.

The first service with the Boeing 234 starts this summer on the North Sea, but BAH is hoping that this aircraft will also demonstrate in the longer term its usefulness as a direct inter-city aircraft, not only for UK internal use but also on international routes, such as London Paris. The Boeing 234 will be the biggest helicopter operating in the UK.

BAH also gets much of its business from the North Sea oil and gas industry support operations, but it also operates the regular helicopter passenger service from Isles of Scilly to Penzance with an S-61N, while it also flies the Heathrow-Gatwick inter-airport passenger service, with an S-61N, in association with British Caledonian Airways and the British Airports Authority. BAH's main base is at Gatwick Airport and it has units at Aberdeen, Beccles, Penzance and Sumburgh.

In addition to Bristow and BAH, many other UK operators are equipping with the latest turbine-powered aircraft. Among its fleet of over 30 aircraft, for example, Management Aviation includes eight 12-seater Sikorsky S-76s and four Aerospatiale 9-10-seat Dauphin 2s; McAlpine Aviation also has the Dauphin 2 and the Aerospatiale five-seat Squirrel; and Alan Mann has the Agusta 109A twin-engined high-performance helicopter, which is proving popular with executive customers.

Many of the helicopter operators, in addition to offering helicopters for hire for executive and other travel purposes, can also provide consultancy advice for would-be purchasers. Companies or individuals, however, who are in any doubt as to how to go about either buying or chartering a helicopter can get the help they need in the first instance from the British Helicopter Advisory Board itself from its headquarters at Redhill, Surrey.

The BHAB's annual information handbook is packed with details of UK helicopter operators and their activities. Equally valuable is the list of aircraft on the UK register, and the list of heliports and helistops throughout the UK, with details of operating hours and locations.

Helistop

One development likely to be of considerable interest and significance for all helicopter operators in the UK is the opening soon of the City of London Helistop, which is to be managed by International Aeradio on behalf of City Heliports (which is in turn responsible for the commercial operation of the Helistop). The British Helicopter Advisory Board itself holds the planning permission for this development.

The Helistop is a floating platform on the River Thames, close to the north bank, in the reach between Blackfriars Bridge and Southwark Bridge, with three pads, each of about 60-feet diameter. The Helistop will be open from 8.30 am to 6.30 pm on weekdays, except public holidays, but the number of daily movements will be limited, so all will be on a Prior Permission Only (PPO) basis. Moreover, only helicopters of less than 10,000 lb all-up weight can be accommodated, and these must be on the Greater London Council's noise-approved list.

Even so, the Helistop will make life much more convenient for many executives using this form of travel for swift transport to and from the City of London.

The BHAB has also been instrumental in the formation of a European Helicopter Association. This came into being on January 1. Its member countries are Belgium, France, West Germany, Holland, Italy, Norway, Switzerland and the UK. The aim of this new body is to promote the free flow of commercial and private helicopter traffic between European countries.

For information on rates, sizes and space availability contact: John Risbey Financial Times 10 Cannon Street, EC4P 4BY 01-248 5161

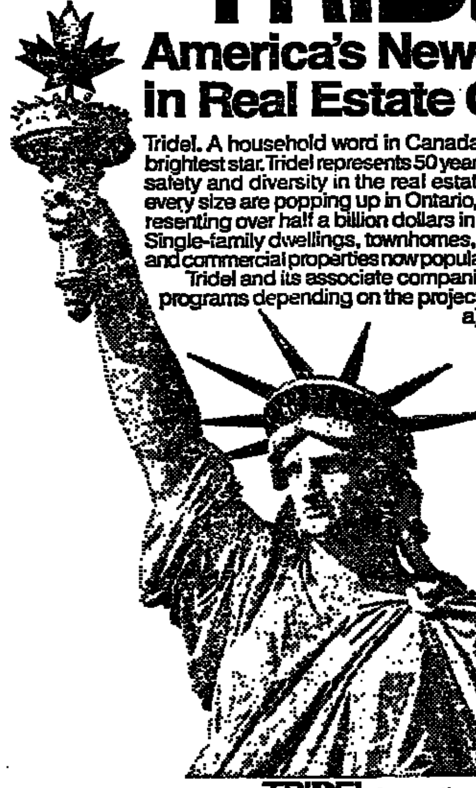
Business and Investment Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

EVERY TUESDAY AND THURSDAY £25 per single column centimetre—Min. 3 cms. Copy must be submitted in writing

TRIDEL

America's Newest Landmark in Real Estate Opportunities.



Tridel. A household word in Canada is rapidly becoming America's brightest star. Tridel represents 50 years of expertise, experience, stability, safety and diversity in the real estate development field. Projects of every size are popping up in Ontario, Canada and Florida, U.S.A., representing over half a billion dollars in sales in the last 5 years alone. Single-family dwellings, townhomes, apartment buildings, patio homes and commercial properties now populate areas that were once barren land.

Tridel and its associate companies offer a variety of investment programs depending on the projects chosen:

a) Lease-back with an annual 8½% guarantee income for 5 years, or
b) Rental, management and maintenance, or
c) Income producing commercial properties.

Tridel's unique financing plans have allowed thousands of people an opportunity to participate in Tridel's successful growth record.

For complete information on how you can put Tridel's expertise to work for you, write for our Investment Portfolio today. Please include your full name, address and telephone number.

TRIDEL International Sales
4800 Dufferin Street, Downsview, Ontario, Canada M3H 5S9
Telex No. 06-218719 • Telephone: (416) 661-9290

Representative office for World Realty Inc.
40 Sloane St., S.W.1, London
Tel: (01) 235-1813
Telex: 919703 Disco G

These investment opportunities are not available to U.S. residents.

PROFITABLE RACING THIS SEASON

Become an owner with private syndicate assisting small established Yorkshire Stable.

Few remaining shares in two exceptional unnamed 2-year-olds probable early winers. Company purchase for naming and tax purposes considered giving free TV coverage.

£1,250 + 40 p.m. fully inclusive per 1/12 share

For further information

Tel: 01-906 0916

(Ref. IDH)

Or 065381 586 (Yorks).

WHY YOU NEED A NON-EXECUTIVE DIRECTOR

BECAUSE you are deeply involved with your company, its day-to-day running, its everday crises and deadlines, and can't spend time on wider horizons
BECAUSE perhaps you have no experience of overseas markets or fear the paper work involved
BECAUSE you are probably not making the most of your profits
BECAUSE of countless other reasons.

SO WHAT CAN I OFFER?

I am legally qualified, and have director-level experience of banking, investment, international trade and tax planning.
I have retained all my contacts in these fields.
I am not a well-known name—I don't want simply to attend a few board meetings and the AGM—I want to spend time with you, to understand your business but still be able to advise from an objective standpoint backed up with experience. All this for probably less than the cost of your lowest paid employee Write Box F1935, Financial Times, 10, Cannon Street, EC4P 4BY

Cash Voucher

This cash voucher entitles your company to an immediate

75% CASH AGAINST INVOICES

Subject to approval

Cash flow problems? Then cash this!

Need cash now? You've got it right there on your books! We will give you 75% cash against your invoices—money you can put to work today. You get the 25% balance, less our charges, when your customer pays. And the customer remains totally unaware of the arrangement. Post this voucher now with your name and address, or phone us.

Confidential Invoice Discounting Limited
Sovereign House, Queens Road, Brighton BN1 3WZ
Telephone: Brighton (0273) 21211 Telex: 87382

SHEET METAL PRODUCTS

If your product is made from sheet metal we can help you make it faster and cheaper.

★ £1½m computerised plant at your disposal for cutting, punching, folding, welding and painting to the highest quality.

★ This new sheet metal sub-contract service helps you slash lead times and eliminates tooling investment.

★ Service currently provided for production of vending machines, ventilation equipment and electrical test equipment for major concerns throughout Europe.

For more information contact:

MR Martin Roberts Limited
Sheet Metal Products Division
Sittingbourne, Kent ME10 3JH, England
Telephone: Sittingbourne 76161 (STD 0795)
Telex: 965639

Gresham Trust

Where the successful private company feels at home.

How can Gresham help a private company?

GRESHAM TRUST has for many years, specialised in the financing and the provision of merchant banking services to private companies.

Do you need to increase your overdraft or should you look for an increase in capital?

Are you seeking to acquire a profitable business?

GRESHAM TRUST can help. Solving problems like this is our business.

That's why we'll always listen — whatever your requirements.

So don't be afraid to write or ring.

Why don't you do so today?

Gresham Trust Ltd., Barrington House, Gresham Street, London EC2V 7HE
Tel: 01-606 6474

Buying or Selling a Company?

Achieving the best result for you is our business

for details please contact

Panton Corbett (a Managing Director) or Jonathan Lyttleton (a Local Director) at

Singer & Friedlander Ltd.

20 CANNON STREET LONDON EC4 01-248 9646

or one of our branch offices at BIRMINGHAM 021-454 2247
LEEDS 0532-39073 BRISTOL 0272-41207
NOTTINGHAM 0602-49721 GLASGOW 041-221 9996
BOURNEMOUTH 0202 26000

Feature Film Exploitation

IF YOU ARE A CORPORATE LESSOR OR THINKING OF PARTICIPATING IN

Feature Film Exploitation

YOU SHOULD INVESTIGATE THE

ACP Motion Picture Programme

Early delivery of recently completed films
Famous directors and international stars
Excellent opportunities with major film distributors
Up to 75% financing facilities on attractive terms
100% capital allowances (see Inland Revenue SP9/79)
which together mean

MORE PROFIT POTENTIAL

For full details please WRITE your name on a company letterheading and post to me TODAY.
(We regret no telephone enquiries can be accepted)

Managing Director, Dept. FPA,
Ackrill Carr & Partners Ltd.,
Tricorn House, Five Ways, Hagley Road, Birmingham, B16 8TP

Taxes/Finances

In Louisiana we offer such right-to-profit inducements as low-cost financing, a ten year exemption from local property taxes on new and expanded manufacturing plants and equipment and a strong right-to-work law.

Louisiana Office of Commerce & Industry
Justinianstrasse 22, Dept. T, D-6000
FRANKFURT (Main) 1, West Germany
Telephone (49-611) 590061, Telex 41 4561 ICO D

15 Avenue Victor Hugo, Dept. T
75116, PARIS, France
Telephone (33-1) 502-1800,
Telex 620 893 F

LOUISIANA WORKS *Let it work for you!*

NEW IDEAS FOR SALE

Get one step ahead of the competition with Newsweek's "New Products and Processes" newsletter — providing you with coverage of the latest international developments on new products, technologies, and business ventures in every field from energy to home products. Viable ideas which have practical potential for distribution, manufacturing, sales, and licensing. Special trial subscription offer of 8 issues is just US$62.00. A small investment for profit potential worth many times that. To subscribe or obtain more information, write today to:

NEW PRODUCTS AND PROCESSES
Newsweek House, Dept. MC26-15
Wellington Street, Slough SL1 1UG, England

EQUITY PARTICIPATION

Private Investment Company wishes to participate in development of small businesses by way of Equity. £100,000 to £500,000 available for Investments. Electronic businesses preferred, but interesting proposals with export potential considered. Non-interference in management direction. Advice and encouragement by way of equity participation only. Write or telephone in confidence to:— Investment Advisers, Suite B, 6th Floor, 1 Great Cumberland Place, London W1H 7AL Tel: 01-258 1858

PROFESSIONAL NEGOTIATOR

specialized in
CONSTRUCTION EQUIPMENT
(Fluent in : English, French, Spanish)
Negociate for account of :
MANUFACTURERS, CONTRACTORS, FINANCIERS
DISTRIBUTORS, STATE ORGANISATIONS,
all agreements & contracts for
DISTRIBUTION, SALE, PURCHASE,
LEASING, RENT-PURCHASE.
you will get most for your money through Better negociated deals covered by absolute discretion. Inquiries to :
P. LICHAU S.A. - Réf. 4347 - B.P. 220 - 75063 PARIS Cédex 02

ARE YOU A SUCCESSFUL SMALL BUSINESS?

Do you require:

ADDITIONAL BUSINESS CAPITAL?
PERSONAL FUNDS NOT MORTGAGED TO THE BUSINESS?
TO CONTINUE TO RUN YOUR BUSINESS WITHOUT INTERFERENCE!

We are a private investment company and will:

PROVIDE ADDITIONAL WORKING CAPITAL FACILITIES
PURCHASE A MINORITY INTEREST IN YOUR COMPANY
PROVIDE FINANCIAL ADVICE AND BACKING IF REQUIRED.

Please reply to:

Box F1933, Financial Times, 10 Cannon Street, EC4P 4BY.

CONSULTANCY AND TRADE IN SOUTHERN AFRICA

A private financial group with investment interests and excellent direct business and consultancy involvements in various Southern African countries seeks to identify a small, reputable and viable consultancy or trading business in the UK in which it could acquire an interest and promote new international business.

Please write to Box F1934, Financial Times, 10 Cannon Street, EC4P 4BY.

MIDDLE EAST

The potential rewards of expanding or developing company objectives in the Middle East can be frustrated by time wasting, lack of local knowledge and establishing wrong business relationships.

We have 18 offices worldwide (14 in the Middle East) who are daily assisting large and small companies realise their aims with the minimum of delay.

If you are seriously considering: Joint Ventures; Appointing Agents/Distributors; Direct Sales visits; Market Analysis; Orientation. May we suggest you invest a few hours informally discussing your objectives with us and we will demonstrate ways in which the services of the Middle East Business Club can actively assist.

To arrange appointments ring (01) 493 2063 or write for details to:
M.E.B.C., 3rd Floor, 1-11 Hay Hill, Mayfair, London W1X 7LF

IT IS UNPROFESSIONAL TO WORK FROM HOME!!

Are you self-employed or running a small business while in employment? Have you ever felt the above statement effects your business credibility? If so: PLEASE CONTACT US.

We offer a complete business facility service—Telephone Number, Messages, Office Address, Occasional Use of Office, Typing and Telex. For a registration fee of £28.75 the above services are available to you as little or as much as you require at standard prices less 10% discount.

Telephone for our brochure on 01-242 9218 or write to:

BAS Accommodation Services,
33 Great James Street, Freepost, London WC1N 3BR.

PUBLISHING COMPANY
ACTIVE DIRECTORSHIP WITH 50% CONTROL

A company director recently retired from a successful publishing company, which he established and controlled and which is now earning pre-tax profits in excess of £800,000 per annum, wishes to join with another person to take over joint control of a company which, although only set up last year, has already made substantial progress towards establishing a prestigious and highly profitable publication.

The advertiser's investment will amount to £250,000 in cash and offers equal control to another suitable person for the same level of investment.

Write Box F1939, Financial Times, 10 Cannon Street, EC4P 4BY.

EXPORTERS
WE CAN ACT FOR YOU IN IRAN, LIBYA, THAILAND

Existing contracts serviced, new orders sought, product lines required. Visiting these countries Feb. 19-March 1. Telephone 0295-53317 or Telex 83147, ref Prior, for more information.

Venture Capital/Equity Finance for ADVANCED TECHNICOLOGY projects

Public Company with world-wide operations will support exciting new ventures. Reply in confidence to Chief Executive, Box F1837, Financial Times, 10 Cannon Street EC4P 4BY

ARE YOU FINANCING YOUR CUSTOMERS?

Then obtain details of our

Factoring and Invoice Discounting Services

ARBUTHNOT FACTORS LTD.
Breeds Place, Hastings TN34 3DG
Contact: S. E. Finch Tel.: 0424 430824

or Telephone:

London 01-638 1301.
Birmingham 021-454 7962.
Newcastle 0632 614545.
Leeds 0532 444578.
Manchester 061-236 9777.
Nottingham 0602 598821.

HONG KONG

Manufacturer / Exporter of higher standard Knitwears and Garments seeking experienced and efficient Sales Agent for UK and other European Markets. Interested parties please reply to:

Flat 103, Lord's View,
St. John's Wood Road,
London, NW8.

DESPERATEY REQUIRED SURPLUS STOCKS

We cannot satisfy our constant demand for clearance lines.
Our aim is to relieve you of the "hassle & headache" of handling "dead stocks."
We buy anything from edibles to wearables, promptly bidding sensible prices. Payment by Bank certified cheque.
CAN YOU HELP US TO HELP YOU?
Why not try by ringing us now, or putting this ad. on file for future reference.
Contact:—
B. B. ADAMS, F.Inst.SM.,
Guildhall Hill, Norwich, Norfolk.
Phone: (0603) 22129.
Telex: 975247 Chacon G.

CHAIRS

EXECUTIVE—BOARDROOM—GENERAL OFFICE

Comprehensive range in wide variety of fabrics
UP TO 40% OFF STANDARD LIST PRICE
EXTRA SPECIAL OFFER
Typists' Chairs top quality with 5 star base only £29.95 net each
TEL: 01-805 2566
Cologne 22387017

WE RENT PRESTEL

Drazin Ltd. welcome enquiries from individuals and businesses within 5 miles of their premises.
CALL AT OUR SHOWROOMS or phone Mr. J. Drazin any morning between 9 and 12 at 01-435 7441
DRAZIN LTD
59 Heath Street
London, N.W.3.
Only 39 Steps
from Hampstead Tube Station

WE GIVE TOP QUALITY

solutions to your maintenance and decorative problems. Our unique surface coatings for roofs, walls and floors are unbeatable for performance, durability and economy.

PLASTICS & RESINS LTD.
Cleveland Road,
Wolverhampton WV2 1BU.
Tel: (0902) 53215. Telex: 335420.

CREATE YOUR OWN JOB OR START YOUR OWN BUSINESS

through IREX, the first Exchange to use modern information technology to link ideas people with resource people.
Join IREX as an Exchange Member (innovators seeking resources), or a Subscriber Member (investors seeking opportunities).
IREX — the nursery for today's new businesses, tomorrow's new industries. Send for details and enrolment form now.

irex

the computer connection between the innovator and the market place
Ideas and Resource Exchange Limited
Dept. FT1, Snow House
103 Southwark Street, London SE1 0JF
Telephone: 01-633 0424

INDUSTRIAL HOLDING COMPANY

seek to purchase majority of or all of equity in a small civil engineering concern based in the north west of England.

Replies in strictest confidence to: Box F1932, Financial Times, 10 Cannon Street, EC4P 4BY.

Debts Purchased Retail/Consumer Accounts

We purchase volume retail financial consumer credit accounts and debts including taking over completely existing county court legal departments.
This service enables the creditor company to reduce costs and have an immediate cash injection on current book debts. Rates paid dependent on quantity and quality of file — immediate substantial funds available — please contact:

Wm. Bell, Director
Legal & Trade Collections Ltd.,
15 Moor Park Avenue,
Preston PR1 1NX
Tel: 0772 22971
(10 lines)

Offices: Glasgow, Edinburgh, Preston, London & Dublin.

£150,000 INVESTMENT REQUIRED

Expanding Food Manufacturing and Distribution Company with enormous potential requires Loan/Equity participation.

Please reply in confidence to: Managing Director, Box F1936, Financial Times, 10 Cannon Street, EC4P 4BY.

IBM ELECTRIC TYPEWRITERS

Factory reconditioned and guaranteed by IBM
Lease 3 years from under £5 weekly
Rent typewriters from £28 per month inc. full service
Tel: 01-397 9499

Manufacturing Opportunities

Looking for a first rate product with a ready made market? Then you need "Expired British Patents" a monthly bulletin of patents which have just expired. An opportunity to take up inventions which are no longer protected by a British Patent but which, having run their full patent life, must be the very best inventions. Annual subscription £75 or $200.
Enquiries to Dept. F2 Scientific & Medical Information Services, 229 High Holborn, London WC1V 7DA.

ATTENTION EXPORTERS

U.K. based company with recourse to large supplies of men's and ladies' clothing and household textiles at competitive prices wishes to contact companies with strong connections for these goods in black Africa in particular Nigeria and associated areas. Please reply stating type of goods required and approx. volume needed to Box F1929, Financial Times, 10, Cannon Street, EC4P 4BY.

INSURANCE BROKERS

Insurance Executive would like to acquire an equity partnership in a London-based, non-Lloyd's Brokers

Replies, in confidence, to Box F1921, Financial Times, 10 Cannon Street, EC4P 4BY.

READY-MADE COMPANIES

FOR EXPERT ATTENTION CONTACT BRITISH COMPANY REGISTRATION AGENTS LIMITED
(Member of The Association of Company Registration Agents)
37-45 Paul St., London EC2A 4PB
Telephone 01-253 3400
Price complete including fee, postage and V.A.T. £99

AGGRESSION

Business is frightening, profit percentages slumping, market shares dropping relentlessly. If ever companies needed the spring of life in their daily communications, it is NOW — and now is the time for Aggression!

Graphics is a special kind of company. Business-promoting creative designers with an outstanding flair for making the printed word spring into life.

Whatever you need, a compelling new corporate identity, a special "one-off" promotion, a powerful new product launch, a tailor-made incentive scheme created, produced and merchandised completely, we can supply it.

The tools we use — print, advertising, audio-visual, packaging, sales presenters, incentive schemes, P.R., direct mail — for trade or consumer or both — earn their money in our hands.

But we're just not good lookers, we're also business people. The words "profit" and "loss" are well understood by us.

The markets of retailing, trade, wholesaling and distribution are not strangers to us. We work with corporate planners, helping them plan and execute marketing, merchandising and general business strategies.

Let us help you get ahead and stay there. We're experts at it.

Talk to us now!

Jack Klein, Managing Director

GRAPHICS

Creative Consultants to companies who mean Business

13/16 Jacob's Well Mews
London W1H 5PD
Telephone: 01-486 9607

BULLION COLLATERALS

are accepted for commodities trading
For further details write to:
SOFTEX SA
3 rue du Purgatoire
1204 GENEVA

YEAR-END TAX PROBLEMS?

Shelter that Corporation Tax bill by investing in Containers and earn a return on capital of up to 80% p.a. Individuals too can earn up to 20% tax free. Full details from:
LANDLESS CONTAINERS LTD
FREEPOST, Camberley, Surrey, GU16 2BR. Tel: (0276) 20142/28861 or 21514—24 hr.

ENGINEERING WORKS

Introductions required. Med-Heavy Welding Fab., Plate and Full Machine Shop. Up to 60 Ton Lift. Excellent Commission paid.

Tel: 01-804 5867

LIMITED COMPANIES

FORMED BY EXPERTS FOR £85 INCLUSIVE
READY MADE FOR £95
COMPANY SEARCHES
EXPRESS CO. REGISTRATIONS LTD.
Epworth House
25-35 City Road, EC1
01-628 5434/5, 7361, 9936.

CARPHONE. A telephone in your car. Lease from less than £5 per week. Including fitting. Nationwide Service. Telephone (0373) 66806/63366 for details.

DISTRIBUTOR WANTED for Canned Venison Velvet Antler Soup, Meroo Crossing, Maitland der, Aslaford, N.S.W. 2850, Australia. Tel. (063) 735 595.

START AN IMPORT/EXPORT AGENCY. No capital needed. Established 1946. Clients in 120 countries. Stamp for details. Wade, Dept. F, P.O. Box 9, Marlborough, Wilts.

DIE CASTING

long established company specialising in die cast products has spare production capacity available. Full tool design and manufacturing service available.

Contact Kenneth Pierce
Director & General Manager
on 01-688 1133

£7,000,000 REQUIRED

Prestige 180-bedroom Hotel Development UK
International Operator Agreed
Capital Allowance about £4,200,000
Write Box F1938, Financial Times, 10 Cannon Street, EC4P 4BY.

REDUCE SELLING OVERHEADS

Subsidiary of Public Company in Leather Goods/Gifts Student materials, with 14 Representatives nationally calling on retail outlets, require new lines. Open to suggestions with regard to taking on the marketing of a manufacturers total production, thereby saving selling overheads. Some existing salesmen could be assimilated.
Phone Mr. H. Sear on Crawley (0293) 22215

THE PHONEMATE SHOP

Next week we move to our new showrooms 4 doors away. Many export products must be sold this week to organise our new stockrooms & workshops. 5 km Cordless Phones with aerials £433, 200 Metre Elcom Cordless Phone £152, Compuphone 732 memory & redial phone system with timers & calculator £113. Export Prices Tax Free. Worldwide shipping arranged.
Securicor in UK. 281/289 Finchley Rd., London, NW3. 01-431 0266/0257. Tx. 298681. P.O. Approved Supplier.

BUY OR SELL BLOCKED CURRENCIES

All inquiries strictly confidential
UNION FINANCIAL SERVICES
1880 Century Park East
Suite 318
Los Angeles, CA 90067
Phone: 213-277-9508
Telex: TEL. US BVHL 194728

PLANT AND MACHINERY

SALE OF STARCH AND GLUCOSE FACTORY PLANT AND MACHINERY

As a result of the decision to stop the production of glucose and starch at its Gartons, London and Howdendyke, N. Humberside plants, Tate & Lyle Food and Distribution Limited have for sale much of the plant and equipment installed at these two locations.

Many items associated with the starch and glucose operations are available including pipework, tankage, evaporators, pumps, motors, electrical switchgear and instrumentation.

Much of the equipment was installed only in the last few years and is in good condition and working order.

All enquiries should be addressed to

MR. G. HURLEY AT GARTONS
192/206 York Road, Battersea, London, SW11 3RX, England
Telex: 915901 GARTON - Telephone: 01-228 1091

£50,000 CASH

IMMEDIATELY AVAILABLE

Private investor will consider any propositions and property situations

Write Box F1931, Financial Times, 10 Cannon Street, EC4P 4BY.

SPORT AND LEISURE

Our County abounds with facilities for Sport and Leisure. The supportive industry is growing with the encouragement of both the public and private sectors of the County.
INPUT are professional industrial consultants retained to assist new businesses to start up and existing businesses to expand and re-locate. Phone or write to:— "INPUT" 65 The Avenue, Cliftonville, Northampton, NN1 5BG or Phone Northampton (0604) 37401.

YOUR OFFICE IN LONDON & PARIS

Superb location in Mayfair and Louvre. Personalised telephone, telex and mail service. Occasional use of office space and secretarial facilities also possible. From £24 per month. For details telephone Lloyd Adams 01-499 0321 or write to *Box F1918, Financial Times, 10 Cannon Street, EC4P 4BY.*

WANTED TO BUY

Australian or New Zealand Companies or unlisted shares. Prompt investigation and settlement.
Reply to:
M. A. Brand,
47 Lancaster Gate, London, W2.
Tel: 01-258 3936. Telex: 8813120.

TAX INSPECTOR DIFFICULT?

If you want experienced tax consultants to handle an intractable corporate problem (tax at risk £50,000 upwards) on a results basis, no benefit/no fee, write with brief details to:
Box F1930, Financial Times, 10 Cannon Street, EC4P 4BY.

Diversify into Fast Foods and Electronics

by Equity participation in our company which has recently launched a new machine with overseas market potential.
Write Box F1941, Financial Times 10 Cannon Street, EC4P 4BY

FINANCIAL CONSULTANT has clients wishing to have industrial buildings allowance from small unit below 2,500 sq. ft. before April 6th, 1981. Please telephone Esher 65662.

OFFICE/WINDOW CLEANING

Efficient and friendly cleaning company with excellent references seeks additional contracts in London area.
Please contact:
Major R. S. Fenwick/Norman Armstrong at 01-450 1444

EXPORT TO SCANDINAVIA

Experienced Swedish Marketing Consultant will assess market potential and find efficient agents for your products. Quick results, fixed reasonable fee. No cost London preliminary interview.
Write Box F1940, Financial Times 10 Cannon Street, EC4P 4BY

WORLD STOCK MARKETS

Dow 10.3 off at midsession

Stock prices were retreating in moderate trading by midsession, led by Oil and High Technology stocks, on worries about the outlook for interest rates. The Dow Jones Industrial Average, after being 0.62 ahead at 10.30 am, was 10.30 down at 935.80 by 1 pm.

Declines led advances seven to five on volume of 31m shares. The NYSE All Common Index shed 56 cents to $72.35.

Salomon Brothers partner, Mr. Henry Kaufman said the prime rate would dip no lower than 17 per cent in the next few weeks before rising again. He previously said that some time this year it would exceed the record 21.5 per cent level reached late last year.

Active Conoco lost $1 to $55⅞, Exxon ⅝ to $69⅞, Texaco ⅜ to $37⅞, Standard Oil of California $1½ to $86¼. Allied Chemical, which has a large energy operation, $1½ to $52⅜ and Superior Oil $2¼ to $202¼.

Texas International jumped $5¼ to $37⅜ on finding seven additional productive oil and/or natural gas zones in a Louisiana well in which it has a 90 per cent stake.

Active IBM eased ¼ to $61⅞, Texas Instruments $6 to $104, National Semiconductor $1¾ to $28¼, Rolm $3½ to $35¾ and Prime Computer $1 to $25⅜.

Active Middle South Utilities tacked on ¼ at $12 after reporting higher profit for the 12 months ended January 31. Other Utilities were mostly lower on interest rate worries.

Bendix dropped $5⅞ to $57. It ended a $64-a-share offer for its own common.

THE AMERICAN SE Market Value Index lost 3.02 to 330.23 on volume of 2.84m shares.

Oil and High Technology shares again led the retreat. Volume leader Timeplex slipped ¼ to $11½, Wang Laboratories "B" $2 to $32¼, Data Access $2⅜ to $14¼, Matrix ⅜ to $29⅜ and Amdahl ½ to $28¼.

Closing prices for North America were not available for this edition.

Canada

Prices retreated in moderate noon trading, led by Oil and Gas issues. The Composite Index eased 8.8 points to 2,163.2, with losses leading gains 216 to 150. Metals and Minerals lost 16.0 to 2,097.9 and Oil and Gas 48.5 to 4,242.4.

Gulf Canada, the most active industrial, was off ⅜ to C$25⅝, Dome Petroleum C$1¾ to C$78¼ and Murphy Oil C$1½ to C$31½. Imperial Oil "A" at C$31⅛, Hudson's Bay Oil at C$22⅜ and Husky at C$16⅞ were all off ⅜.

Bank of British Columbia gained C$1 to C$44 on higher earnings. Harlequin "A" was up ¼ to C$21 after reporting higher net and a dividend increase.

Germany

The overall trend was steady, with the Commerzbank Index a bare 0.10 lower at 674.4.

Foreign buying interest helped the market in rather thin trading, and the upheavals on the money and foreign exchange markets hit the domestic bond side harder than equities.

In mixed Banks, Deutsche was 30 pfennigs lower, at DM 278, and Commerzbank 40 pfennigs up at DM 135.1. Hoechst was unchanged at DM 115 in otherwise easier Chemicals, and VW put on DM 1 at DM 285 in generally weaker Motors.

On the domestic bond market, public authority paper remained on offer, with losses of up to a full point. The Bundesbank, nonetheless, sold DM 9.2m in bonds.

Mark foreign loans were mixed.

Paris

Share price tended mixed with a firmer bias in fairly active trading with no big new fatcors in the market.

Anticipation of measures aimed at boosting employment, to be announced late yesterday afternoon, was said to have helped sentiment.

Stores, Printing, Rubbers, Metals and Chemicals gained ground, while Foods and Electricals were down.

All other sectors, including Banks, Portfolios, Construction and Engineering, were mixed.

Among Foreign stocks, Gold Mines firmed strongly, Coppers and Germans were up, Oils and Japanese were mixed, and Americans were down.

Singapore

Share prices closed firm on strong buying support in hectic trading. The Straits Times Industrial Index gained 4.62 to 797.56, the third consecutive record close.

Hong Kong

Prices closed below the day's highs on profit-taking, possibly reflecting some cautiousness ahead of the Hong Kong Budget which yesterday cut corporation tax rates. Closing levels were generally ahead of Tuesday's, however, and the Hang Seng Index put on 12.96 to finish at 1,532.20.

Gains were largely confined to leaders in quiet trading. Buying sentiment followed on from firm London overnight trading, on expectations of still lower U.S. interest rates.

Among leaders, Cheung Kong gained 25 cents to close at HK$35.25, HK Bank 30 cents to HK$22.20, Hongkong Land 10 cents to HK$11.80 and Jardine Matheson 20 cents to HK$24. Hongkong Electric put on 5 cents at HK$8.10, Hongkong Wharf 10 cents to HK$9.25, Hutchison Whampoa 10 cents to HK$17.50 and Swire Pacific "A" 40 cents to HK$15.80.

Tokyo

The market gained further ground after Tuesday's rally on selective buying in Blue Chips and high-priced Electricals.

The Nikkei-Dow Jones Average moved ahead 10.43 to 7,121.66 in moderate trade on volume of 300m shares (270). Advances outpaced declines 363 to 292. The Tokyo Stock Exchange Index gained 1.42 to finish at 504.94.

Sony continued to rise sharply, Y140 to Y3,460 on buying by foreign investors after its share price rise on Wall Street overnight.

Matsushita group rose sharply following increases in its annual consolidated net income and sales.

Other big gainers were Fuji Film, Y30 ahead at Y1,110, Toshiba, Y7 ahead at Y222, TDK Electronics Y60 ahead at Y3,900, Konishiroku Y15 up at Y591, Kao Y32 up at Y526 and Sumitomo Electric Y10 up at Y340.

Australia

Shares were mixed in dull trading. The All Ordinaries Index eased 0.6 points to 651.1. Industrials, Metals and Minerals, Oil and Gas lost ground slightly but Gold Miners edged up.

Attention focussed on Miners Renison, Consolidated Goldfields, Associated Minerals and Mt. Lyell, which said they were considering a merger. Renison rose A$1.40 to A$9.60, Mt. Lyell 5 cents to A$1.60 and Associated Minerals 8 cents to A$2. Consolidated Goldfields was steady on A$6.60.

About 1.8m shares in Sydney retailer Walton were sold to an unknown buyer at prices ranging from A$1.04 to A$1.06 at the close, up 4 cents on the day and 6 cents higher than the takeover bid by Melbourne group Permewan Wright.

Among leaders, BHP was unchanged on A$13.55 and CSR rose 16 cents to A$6.32, but ANZ Bank dropped 7 cents to A$4.43 and ERA 6 cents to A$1.71.

Johannesburg

Gold shares closed higher in fairly active trading, with the gold price holding steady at its firmer overnight levels.

The rise was spurred by London buying. Heavyweights gained up to R2.5, as in Harties at R71, while lesser-priced producers rose up to 65 cents.

Indices

NEW YORK —DOW JONES

	Feb. 24	Feb. 23	Feb. 20	Feb. 19	Feb. 18	Feb. 17	1980/81 High	1980/81 Low	Since Cmpil't'n High	Since Cmpil't'n Low
●Industr'ls	948.10	946.23	936.09	933.56	947.10	953.68	1004.69 (6/1/81)	759.13 (21/4)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	62.61	62.69	62.95	62.94	62.74	62.94	75.61 (25/6)	60.96 (18/12)	—	—
Transport.	385.61	378.97	379.16	383.67	391.61	390.64	425.68 (28/11)	233.69 (27/5)	425.68 (28/11/80)	12.25 (8/7/32)
Utilities	106.69	107.02	107.27	107.48	107.82	107.55	117.61 (5/1/81)	95.04 (27/5)	165.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	45,960	40,000	41,800	41,630	40,410	37,940	—	—	—	—

●Day's high 955.65 low 938.77

Ind. div. yield %	Feb. 23	Feb. 13	Feb. 6	Year ago (approx)
	5.87	5.87	5.75	5.97

STANDARD AND POORS

	Feb. 24	Feb. 23	Feb. 20	Feb. 19	Feb. 18	Feb. 17	1980/81 High	1980/81 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	144.60	144.61	145.75	143.80	145.86	145.20	160.36 (28/11)	111.09 (27/7)	160.36 (28/11/80)	3.62 (30/6/32)
§Composite	127.39	127.35	126.58	126.61	128.48	127.61	140.52 (28/11)	98.22 13/2/80	140.52 (28/11/80)	4.40 (1/6/32)

	Feb. 18	Feb. 11	Feb. 4	Year ago (approx)
Ind. div. yield %	4.67	4.67	4.70	4.89
Ind. P/E Ratio	9.11	9.07	9.09	8.32
Long Gov. Bond Yield	12.68	12.61	12.32	12.67

N.Y.S.E. ALL COMMON

Feb. 24	Feb. 23	Feb. 20	Feb. 19	1980/81 High	1980/81 Low
72.91	72.84	72.45	72.53	81.02 (28/11)	55.30 22/1/80

Rises and Falls	Feb. 24	Feb. 23	Feb. 20
Issues Traded	1,860	1,881	1,895
Rises	862	811	627
Falls	614	676	839
Unchanged	384	394	429
New Highs	—	—	—
New Lows	—	—	—

MONTREAL

	Feb. 24	Feb. 23	Feb. 20	Feb. 19	1980/81 High	1980/81 Low
Industrials	362.79	361.65	356.26	359.49	423.80 (28/2/80)	325.31 (27/5)
Combined	344.06	343.58	339.64	341.66	678.85 (20/10)	298.90 (27/5)
TORONTO Composite	2171.97	2168.16	2151.4	2160.3	2402.2 (28/11)	1702.5 (27/5)

	Feb. 25	Feb. 24	Feb. 23	Feb. 20	1980/81 High	1980/81 Low
AUSTRALIA All Ord. (1/1/80)	651.1	651.7	656.6	655.2	748.2 (17/11)	509.1 (3/1/80)
Metal & Minrls. (1/1/80)	574.7	575.9	583.4	566.0	816.0 (17/11)	482.3 (28/5)
AUSTRIA Credit Aktien (2/1/62)	65.28	65.64	65.88	65.86	69.40 (7/1/80)	65.28 (25/2/81)
BELGIUM Belgian SE (31/12/63)	83.78	84.53	84.61	84.72	106.75 (11/2/80)	82.42 (7/1/81)
DENMARK Copenhagen SE (1/1/73)	105.14	104.88	104.29	105.36	105.14 (25/2/81)	74.78 (5/5)
FRANCE CAC General (29/12/61)	108.5	108.50	106.20	108.60	120.3 (5/11)	97.1 (5/1/80)
Ind Tendance (31/12/80)	101.1	100.90	100.90	100.90	(101.1 25/2/81)	95.4 (27/1/81)
GERMANY FAZ-Aktien (31/12/58)	218.41	218.72	219.86	220.11	238.89 (25/2/80)	212.75 (28/5)
Commerzbank(Dec. 1953)	674.4	674.50	679.50	680.50	748.2 (25/2/80)	666.4 (16/2/81)
HOLLAND ANP-CBS General (1970)	90.0	89.4	88.1	88.8	90.8 (9/2/81)	74.0 (27/5)
ANP-CBS Indust. (1970)	67.0	66.8	66.7	66.5	66.2 (11/1/80)	58.2 (28/5)
HONG KONG Hang Seng Bank (31/7/64)	1532.20	1519.24	1492.21	1582.09	1854.57 (13/11)	738.9 (16/5)
ITALY Banca Comm. Ital (1972)	232.28	228.32	222.08	223.23	232.28 (25/2/81)	85.11 (2/1/80)
JAPAN Dow Average (16/5/49)	7121.26	7111.23	7085.26	7100.81	7822.06 (2/2/81)	6475.93 (27/5)
Tokyo New SE (4/1/68)	504.94	503.52	503.04	502.60	511.94 (2/2/81)	449.01 (10/5)
NORWAY Oslo SE (1/1/72)	119.56	118.53	118.45	117.96	144.70 (14/2/80)	110.12 (28/5)
SINGAPORE Straits Times (1966)	797.56	792.94	776.56	770.02	797.56 (25/2/81)	429.76 (3/1/80)
SOUTH AFRICA Gold (1958)	(u)	629.5	637.6	642.5	1026.1 (22/9)	496.5 (18/5)
Industrial (1958)	(u)	559.5	569.6	558.4	560.6 (5/11)	455.0 (2/1/80)
SPAIN Madrid SE (30/12/80)	112.35	111.79	112.03	112.05	114.26 (17/2/81)	100.0 (30/12/80)
SWEDEN Jacobson & P. (1/1/58)	465.31	471.19	474.05	469.69	475.50 (16/2/81)	334.72 (17/1/80)
SWITZERLAND Swiss BankCpn. (31/12/58)	292.4	292.2	291.4	291.60	317.9 (11/2/80)	275.0 (28/5)
WORLD Capital Intl. (1/1/70)	—	151.8	151.9	151.7	164.8 (20/11)	120.5 (27/5)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. (o) Closed.

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Ral Purina	1,229,100	10⅞	−½
GK Technol	784,000	49⅜	+4⅜
Sony	686,000	16⅞	+⅛
Dow Chem.	553,500	35⅝	+1½
IBM	522,600	61⅞	−⅛
Warner-Lam.	519,300	20⅞	−1⅛
S. J. Royl	465,300	13⅛	+⅛
Parmain Tr.	448,500	17⅛	+⅛
Union Carbide	382,500	59⅜	+2⅜
Owens-Illinois	382,300	30⅜	+1½

COMMODITIES AND AGRICULTURE

French farm aid warning

By Larry Klinger in Brussels

THE EUROPEAN Commission has warned the French government that its FFr 4.1bn (£370m) farming aid package announced in December may be illegal under EEC rules. It has asked France to submit detailed comments immediately.

The Commission move follows pressure from some member countries, notably Britain, to press the investigation. France neither notified the Commission of its original decision nor replied to an earlier Commission request for details.

If the Commission decides that there are direct income aids contravening EEC law, it will ask France to withdraw or amend the proposals. If France refuses, the matter would almost certainly be placed before the European Court.

The aid scheme fulfilled a French Government promise to compensate farmers for loss of real income over the past year because of increased costs. About half the funds may be in the form of direct income subsidy and are due to be paid next month, ahead of the April first ballot in the French presidential elections.

France seeks wheat sales to Russia

BRUSSELS—France is again stepping up pressure on its EEC partners to agree to a relaxation of the Common Market's partial trade embargo against the U.S.S.R. by allowing the sale of around 600,000 tonnes of soft wheat to the Soviet Union.

Although no formal moves have yet been made, French Farm Minister, Pierre Mehaignierie has been sounding out the EEC Commission along these lines.

But EEC grain traders managed to avoid the embargo early last year by sending wheat to Rusia at subsidised prices using export certificates issued before the embargo was imposed. France wants to use this as a precedent for further wheat sales.

French officials said around 600,000 tonnes of EEC soft wheat went to the Soviet Union ni calendar 1980 in this way, and France would like the EEC to export a similar amount this year.

UK farmers hit at sugar levy plan

BY RICHARD MOONEY

THE BRITISH National Farmers' Union yesterday reacted angrily to a decision taken in Brussels on Tuesday to impose a 2 per cent levy on member countries' basic sugar production.

The levy, agreed as part of a wide-ranging package of farming measures, will be imposed on "A" quota production which has always been levy-free. The levy is intended to help cover the cost of disposing of surplus sugar on the world market.

The whole package, which includes arrangements to continue access for New Zealand butter into Britain, is being held up from final ratification, however, because Italy is dissatisfied with a 90,000 tonnes increase in its "A" sugar quota.

The "A" quota is regarded as covering domestic EEC consumption and qualifies for full community price support—Britain's share of this has been fixed at 1.04m tonnes. In addition it gets a "B" quota of 104,000 tonnes attracting a levy of 30 per cent of the intervention price which can be raised to 37.5 per cent if necessary next year.

The NFU said it was "completely unacceptable" that a levy should be placed on the "A" quota. "Production levies should relate to surplus production, not to meeting domestic demand," a spokesman said.

The new levy is likely to cost the British beet sugar industry around £6m a year and British farmers fear it is only the "thin edge of the wedge." It is no secret that low-cost Continental producers such as the French and the Germans would like to see the quota system abandoned altogether. Both produce substantial amounts of "B" and "C" quota sugar and resent having to pay most of the cost of disposing of surpluses.

In recent months the EEC farm fund has earned money from sugar exports because world prices have been higher than the EEC's. This has resulted in levies being charged on exports rather than subsidies paid to equate them with world levels.

Following a rise in world prices in the past week a minimum levy of 4.31 European currency units per 100 kilos was set at yesterday's EEC sugar export tender against 1.159 ECUs last week. Export authorisations totalled 75,650 tonnes of whites, only slightly down from 77,250 tonnes at the previous tender.

The EEC Commission estimated yesetrday that the community would have an exportable sugar surplus of 4m tonnes for the 1980-81 season. The EEC harvest was slightly down at 12m tonnes but a bigger fall in consumption meant that this would exceed domestic demand by 2.6m tonnes.

Guarded welcome for EEC butter deal

BY OUR COMMODITIES STAFF

NEWS THAT France had dropped its opposition to continued UK imports of New Zealand butter, for three years at least, was given a guarded welcome in New Zealand yesterday.

"Assuming that the agreement as reported is confimed, it would immediately free us from the serious practical problems which have been imposed on us this year," said Mr. Ken Mehrtens, chairman of the NZ Dairy Board.

EEC Agriculture Ministers, with the exception of Italy, agreed on Tuesday that New Zealand could send 94,000 tonnes of butter to the UK, on preferential tariff terms, this year, and 92,000 tonnes in 1982. The 1983 figure is to be decided by October 1982. Italian approval was withheld only because of a dispute over sugar quotas.

The agreement was far from welcome to the British National Farmers' Union, however. "It is ridiculous for Mr. Walker (the UK Agriculture Minister) to support New Zealand imports while the EEC is levying its own producers to cover the cost of disposing of surplus production," the Union said.

Strong rise in tin price

By John Edwards, Commodities Editor

TIN PRICES rose strongly again yesterday in a day of active trading on the London Metal Exchange. Cash tin gained £127.5 to close at £6,152.5 a tonne. This latest rise means it has gone up by £237.5 in the past three days.

Reasons for yesterday's increase were the same as previously, speculative buying by chart followers; the weakness of sterling; and covering of "short" sales. The subdued tone of the Panang market, which was unchanged overnight, indicates there has been no real change in the fundamental supply-demand situation, except that it is generally believed that with consumer stocks at a low ebb, any squeeze on supplies could quickly force up prices.

Much of the same sentiment is behind the recent rise in copper, lead and zinc, which have also been boosted by the decline in sterling. Copper cash wirebars closed £8.5 up yesterday at £815.5 a tonne, making a rise of £30 for the week, but the market moved to even higher levels in early trading before running out of steam in the afternoon.

Trade selling, by those not convinced that the recent rise is justified in view of the weakness in consumer demand, was evident especially in the aluminium and nickel futures markets, which both lost ground.

Reuter reported from Brussels yesterday a claim by Sozacom, the Zaire state-owned metals marketing organisation, that it might be forced to cut its present producer price for cobalt of $25 a lb because of depressed market conditions and price cutting by some producers.

Zaire and Zambia, the world's two biggest producers of cobalt, agreed at the end of last year to maintain the producer price at $25 a pound during 1981. But the free market, not controlled by producers, remains in a range between $20 to $21.50 a pound and at a discount, and evidently some producers have been tempted to offer lower prices to remain competitive

POTATOES

Producers face serious losses

BY DAVID RICHARDSON

PRODUCER PRICES for potatoes over the last few weeks have ranged from around £35 per tonne for unpopular white ware varieties like Pentland Crown, to over £70 per tonne for select reds off best fen soils. But the average price since lifting began last autumn has been only about £41.50 per tonne against a Government guaranteed average of £43.94.

In the absence of a much heralded, but much delayed, EEC regime for potatoes, the guarantee figure has in fact been held at that level for three years. The National Farmers' Union claims that it is now worth only two-thirds of its 1977 value and, as such, falls far short of providing a reasonable minimum return for growers. The Potato Marketing Board's own estimate of growing costs confirm the NFU's submission.

Last year, according to the Board, the average cost of growing an acre of main-crop ware potatoes was £844. Assuming a grower achieved the guaranteed price for his whole crop he would, therefore, need to average a yield of 19.20 tonnes per acre to break even. But, as already indicated, the average price this season so far has been lower at £41.50 per tonne. At that price the notional grower would need 20.33 tonnes per acre to avoid making a loss.

The anticipated average yield of maincrop in Britain, however, is nearer 14 tonnes per acre, and although last year's crops were particularly heavy, and will probably weigh up to rather more than usual when all are eventually sold, it is clear that many growers will sustain serious losses.

Inevitably, under such circumstances, growers seek to attribute blame and the most obvious and immediate target for their frustration is the Potato Marketing Board itself. Criticism of its inadequacies have been wide and varied in recent weeks and there have been demands for the radical revision of its activities and powers.

Meanwhile, the Board claims that the surplus, which it estimated existed at the beginning of the lifting season, has been removed from the market through a buying programme initiated last July. At that time some 12½ per cent of the crop totalling around 420,000 tonnes were contracted to the Board for possible feeding to stock, "leaving the market roughly in balance between supply and demand."

But potato traders do not accept the Board's view of the situation. Throughout the winter, markets have been over supplied, leading inevitably to depressed prices which have been around £20 per tonne lower than last year. Even now it is well known that many farmers have far more potatoes in store than they have had in previous years.

Critics of the PMB's policies point out that an anticipatory buying programme of the kind it ran last year is unlikely to work well in any case, especially in a year of big yields and significant surpluses. Such a scheme does nothing to stop supplies glutting markets when farmers decide to sell their share of the near 90 per cent of potatoes not on contract to the Board. What is needed, they say, is a flexible programme which can operate quickly and effectively to take surpluses off the market as soon as prices start to slide.

But the slide is already well advanced, with farmers frantically loading on to markets before spring work on the land has to be done and merchants predictably refusing to pay more than rock bottom prices. With average prices already more than £2 per tonne below the guarantee, the Government's liability to potato growers is getting larger every week.

Should the average market price stay at £41.50 per tonne for the rest of the season, for instance, there would need to be a Government payout to potato growers of between £9m and £10m.

To avoid that it would be necessary to raise the average price of potatoes through the marketing year to the guaranteed price of £43.94 per tonne.

As things stand at present a rise to around £50 per tonne for the rest of the season would be necessary to achieve this and the longer low prices continue the higher that figure will be.

Inevitably, demands for a second buying programme are becoming insistent. The theory of such a programme is that it could create a floor in the market below which farmers would not sell to the trade. It need not, however, involve the PMB or the Government in much expense since, if their estimates of the total supply/demand situation are correct, few of the contracts would actually be delivered.

The price at which such a scheme operates, it is argued, needs to be high enough to bring up the average to the guarantee level to avoid an embarrassing Government payout, but low enough so as not to attract even more embarrassing imports from Holland.

Bearing in mind that prices there are running at about £38 per tonne, and that transport and shipping costs add a further £20 to the cost of getting Dutch supplies on to English markets, it is clear that a UK price of £58 per tonne would begin to look attractive to Dutch exporters. It would appear to be imperative, therefore, that any PMB buying programme is initiated before there is a necessity for the price to be set at much over £50 per tonne.

Potato futures markets have, in fact, already begun to rise in anticipation of the virtual inevitability of an announcement on these lines and it would be reasonable to expect a joint initiative by the PMB and the Ministry of Agriculture within the next few days.

Levy damper on Jamaica bauxite talks

BY CANUTE JAMES IN KINGSTON

THE FIVE North American aluminium companies which mine and refine bauxite in Jamaica are considering proposals from the island's government to increase mining capacity from the present 2.8m tonnes a year by 2m tonnes, and to increase ore extraction from the current level of just over 12m tonnes to 15m tonnes.

The proposals were put to the chief executives of the companies in a series of high level meetings here with a Jamaican delegation led by Mr. Edward Seaga, the island's Prime Minister and Mining Minister.

However, it was indicated that not all aspects of the government's programme were received with enthusiasm. The Jamaican delegation threw a damper on the talks by postponing discussion on the production levy which determines the taxes paid by the companies.

The levy was imposed in 1974, but it was only 24 months ago that it was renegotiated to the satisfaction of the companies. Mr. Seaga previously hinted that the levy would be discussed, but the companies were disappointed. One view is that the government does not want to lower the levy now as the island's battered economy is in need of every foreign dollar it can get.

Prospects of reaching a level of 2.1m tonnes of alumina per year — the size being suggested by the Jamaican Government—are still far off. Many companies are concerned that Jamaica has no source of cheap domestic energy and has to depend on expensive imported fuel. Refining and smelting operations are being located in countries where ore deposits are close to cheap, abundant energy.

It appears that the doubling of the capacity of Alcoa's 550,000 tonne plant in central Jamaica will be delayed. Representatives of the three Norwegian companies involved—Ardal OG Sunndal Verk, Elkem and Norsk Hydro—and of the Norwegian Government met Alcoa and the Jamaican Government to review the progress of the U.S.$350m expansion.

There have been suggestions that the Norwegians are concerned at the political ramifications of such expenditure at this time as the country's parliament will be dissolved and elections held in the summer.

There was, however, general agreement among the the five companies to attempt to speed the rate of bauxite mining. Mr. Seaga has said this will give the embattled economy quick cash returns. Mining this year is expected to be more than the 12.5m tonnes of last year, although there are indications of possible strikes at the mines and refineries.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Gained further ground on the London Metal Exchange. A continuation of the recent short covering and bear closing, coupled with covering against Far Eastern physical demand, lifted forward metal from £830 to around £844 by midday. However, the afternoon brought out persistent profit-taking and three months dipped to close the late Kerb at £834, after £833. *Turnover: 19,675 tonnes.*

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	818-9	+15.2	815-6	+8.5
3 months	840-.5	+16	838-.5	+9
Settlem't	819	+15.5	—	
Cathodes				
Cash	813-4	+14	810-2	+8.25
3 months	826-7	+16	825-6	+8
Settlem't	814	+14	—	......
U.S. Prod	—		*82-8	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £819, three months £835, 35.5, 36, 37, 37.5, 38, 39, 39.5, 40, 41, 42, 41.5, 41, 40. Cathodes, cash £814, three months £827. Kerb: Wirebars, three months £839, 39.5, 40, 40.5, 41. Afternoon: Wirebars, three months £842, 41, 41.5, 41, 38, 37, 38, 37.5, 38, 38.5, 38. Cathodes: three months £825. Kerb: Wirebars, three months £837, 36, 34, 33, 33.5, 34, 34.5, 33, 33.5, 33, 34.

TIN—Sharply higher as heavy stop-loss buying, which triggered chartist buying, lifted forward metal from £6,180 on the early pre-market to a day's high of £6,275 by the afternoon Rings. However, profit-taking on the late Kerb pared the price to £6,245 by the close. Turnover: 2,805 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6085-90	+80	6150-5	+127
3 months	6230-5	+80	6274-5	+104
Settlem't	6090	+80	—	......
Standard				
Cash	6085-90	+80	6150-5	+127
3 months	6230-5	+80	6274-5	+104
Settlem't	6090	+80	—	......
Straits E.	£851.25	......	—	......
New York	—	......	—	

Morning: Standard, cash £6,090, three months £6,200, 10, 15, 20, 30, 35, 25, 30. Kerb: Standard, three months 6,230, 40, 50. Afternoon: Standard, cash £6,150, three months £6,250, 40, 50, 55, 60, 55, 59, 60, 70, 75, 74. Kerb: Standard, three months £6,275, 65, 60, 40, 50, 55.

LEAD—Firmer but well below the day's highs. Forward metal opened at £330 and moved up to £335 by the afternoon Rings, following heavy stop-loss buying prompted by the strong performances of other metals. The buying demand petered out on the late Kerb, however, as profit-taking pared the price to £325 prior to a close of £327.5. Turnover: 19,750 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	320.5-1	−1.25	325-.5	+6.25
3 months	330.5-1	−.75	334.5-5.5	+8.37
S'ment	321	—	—	......
U.S. Spot		......	*30	......

Morning: Cash £321, 20, 21, three months £331, 31.5, 31, 30, 30.5, 31, 30.5. Kerb: Cash £321, three months £329, 30, 30.5, 30. Afternoon: Three months £330.5, 31, 31.5, 32, 33, 33.5, 34, 35. Kerb: Three months £333, 32, 31, 30, 29, 28, 27, 26, 26.5.

ZINC—Higher, in line with other metals, with forward metal closing the late Kerb at £346. Turnover: 15,275 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	335-6	+4	334.5-5.5	+4.25
3 months	345.5-6	+5.82	345-.5	+3.5
S'ment	336	+4	—	......
Primw'ts	—	......	*41.5	......

Morning: Cash £335.5, three months £344, 45, 46, 45.5. Kerb: Three months £345, 45.5. Afternoon: Three months £346, 45.5, 46, 45.5. Kerb: Three months £344.4, 45, 46.

ALUMINIUM—Barely changed with the market reflecting the movements in currencies. Forward metal opened at £672, rose to £680, and fell back to £657 before closing the late Kerb at £670.5. Turnover: 7,375 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	667-9	−.75	661-2	−7.5
3 months	675-6	−4	669.5-70	−3.75

Morning: Cash £663, three months £675, 74, 77. Kerb: Three months £675, 76. Afternoon: Three months £677, 73.5, 73, 72, 71, 70, 69.5. Kerb: Three months £670, 69, 67, 68, 69, 70.

NICKEL—Easier as hedge selling saw three months decline from £2,840 in early trading to £2,810 by the close of the late Kerb. Turnover: 234 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2840-50	−22.5	2835-45	−22
3 months	2820-5	−20	2810-20	−19.5

Morning: Cash £2,865, three months £2,840, 35, 25. Kerb: Three months £2,820, 35. Afternoon: Three months £2,820, 15, 10.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 2.65p an ounce higher for spot delivery in the London bullion market yesterday, at 582.8p. U.S. cent equivalents of the fixing levels were: spot $13, down 1.3c; three-month $13.52, down 2.7c; six-month $14.067, down 5.2c; and 12-month $15.012, down 4.1c. The metal opened at 588p-593p ($13.10-$13.20) and closed at 576p-583p ($12.85-$12.95).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	582.80p	+2.65	575.5p	−9.25
3 months	600.10p	+2.75	595.25p	−10
6 months	617.10p	+1.75	—	......
12 months	652.50p	+1.6	—	......

LME—Turnover 84 (91) lots of 10,000 ounces. **Morning:** three months 604, 03, 02.5. **Kerbs:** three months 603. **Afternoon:** three months 599, 98, 94, 93, 94. **Kerbs:** three months 593, 91, 92.

COCOA

Strong commission house support throughout the day caused cocoa futures to remain steady and close with further gains. Physical business was scarce as trade hedging of modest producer sales was absorbed by the speculative buying, while consumers remained completely withdrawn from current levels, reports Gill and Duffus.

COCOA	Yest'rday's Close	+ or —	Business Done
March	885-887	−7.0	885-877
May	925-926	+6.0	915-917
July	948-949	+8.0	950-939
Sept.	969-970	+7.0	972-961
Dec.	999-1000	+5.5	1001-995
March	1022-25	+5.5	1021-17
May	1044-45	+7.5	1045-37

Sales: 3,325 (8,031) lots of 10 tonnes.

ICCO Futures—Daily price for Feb. 24 95.52 (93.75); five-day average 93.74 (93.05).

COFFEE

An unchanged fundamental situation and a mixed New York close offered no fresh incentive to a quiet market as values opened marginally lower in poor volume, reports Drexel Burnham Lambert. A large percentage of the day's turnover consisted of switching operations whilst the majority of the activity was confined to a narrow trading range.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1037-38	+1.5	1039-32
May	1051-52	−1.0	1052-46
July	1061-52	−3.5	1066-60
Sept	1076-79	+1.0	1080-73
Nov	1084-86	+2.5	1085
Jan	1092-1110	+5.5	—
March	1086-1120	−1.0	—

Sales: 1,946 (2,940) lots of 5 tonnes.

ICO Indicator prices for February 24 (U.S. cents per pound): Other Mild Arabicas 126.17 (126.00); Robustas ICA 1976 116.00 (115.50); ICA 1968 116.25 (115.75). Unwashed Arabicas unquoted. Comp. daily ICA 1968 unquoted.

GRAINS

LONDON GRAIN FUTURES—Old crops both opened lower. Steady buying interest on barley with a general lack of sellers rallied the market 65p-50p up on the day. Wheat followed barley after an initial weakness and closed about steady 45p up. New crops opened 10p lower on wheat and unchanged on barley. Values held steady in quiet trading to close 30p-35p up on wheat and 15p-30p higher on Barley, reports Acli.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Mar.	107.95	−0.55	96.10	−0.65
May	111.50	−0.45	99.50	+0.80
July	115.30	−0.56	—	—
Sep	98.60	−0.30	93.65	+0.38
Nov	102.20	+0.35	97.30	+0.25
Jan	106.05	+0.30	101.10	+0.15

Business done—Wheat: March 108.00-107.10, May 111.55-110.75, July 115.30-114.60, Sept. 98.60-98.20, Nov. 102.00-102.00, Jan. 105.90-105.75. Sales: 152 lots of 100 tonnes. Barley: March 96.20-95.50, May 99.50-98.60, July no trade, Sept. 93.50-93.40, Nov. 97.40-97.10, Jan. 101.00-101.00. Sales: 262 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent March 116.50, transhipment East Coast. U.S. Hard Winter 13½ per cent March 107.50, April 108.75 transhipment East Coast. English Feed fob April-June 115.50 seller. Maize: French March 123 transhipment East Coast. South African Yellow March-April 87.00. English Feed fob April-June 103.50 seller. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 98.60, E. Midlands 96.00, N. East 94.40, Scotland 94.20. Other milling wheat: E. Midlands 109.00. The UK Monetary Coefficient for the week beginning Monday, March 2, is expected to increase to 0.843.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyers, seller, business, sales). New Zealand cents per kilo. March 339, 342, 341-340, 2; May 352, 355, 354, 11; Aug. 363, 370, nil, nil; Oct 371, 375, nil, nil; Dec. 376, 379, nil, nil; Jan. 379, 382, nil, nil; March 382, 383, nil, nil; May 381, 386, nil, nil; Aug. 381, 387, nil, nil. Sales 13. 18—15—18—10—

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per kilo. March 478.0, 479.0, 480.0-478.0, 52; May 483.0 traded, 487.0-482.5, 72; July 495.3, 495.8, 495.3-491.6, 224; Oct. 493.5, 494.5, 493.0-491.0, 35; Dec. 497.0, 498.0, 497.5-496.0, 50; March 506.0, 507.0, 507.0-505.0, 14; May 507.0-510.0, 512.0-507.0, 24; July 513.0, 514.0, 519.0-513.0, 23. Sales. 495.

RUBBER

The London physical market opened unchanged, with little interest throughout the day, closing on a quiet note. Lewis and Peat reported an fob March price for No. 1 RSS in Kuala Lumpur of 293 (295.5) cents a kg and SMR 20 at 260 (261).

No 1. R.S.S.	Yest,r'ys close	Previous close	Business Done
Apr.	58.80-59.50	59.00-59.50	—
May	60.00-60.10	60.10-59.40	60.20
Apr-Jne	60.00-60.10	60.00-60.10	60.50-59.80
Jly-Sept	63.05-63.10	62.70-62.90	63.40-62.80
Oct-Dec	66.90-66.00	66.70-65.80	66.20-65.70
Jan-Mar	68.80-69.00	68.60-68.70	68.90-68.80
Apl-Jne	71.70-71.80	71.60-71.70	71.80
Jly-Sept	74.70-74.80	74.70-74.80	—
Oct-Dec	77.60-77.80	77.60-77.70	—

Sales: 273 (282) at 15 tonnes and 2 (40) at 5 tonnes. Physical closing prices (buyer) were: Spot 58.00p (57.50p), April 62.00p (61.50p), May 62.50p (62.00p).

SOYABEAN MEAL

The London Market opened slightly easier on featureless conditions, reports T. G. Roddick. Prices continued to drift on light trade selling to close 50p-£1 down.

	Yest'rd'ys Close	+ or —	Business Done
	£ per tonne		
April	125.50-25.6	−0.85	126.30-125.70
June	128.90-29.0	−0.75	129.20-128.80
August	131.10-31.5	−0.75	131.60-131.50
October	131.80-32.5	−0.45	132.10
December	132.00-34.0	−1.00	—
February	133.00-39.0	−0.50	—
April	133.00-39.0	−0.50	—

Sales: 137 (115) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £262.00 (£264.00) tonnes cif for Feb.-March-April shipments. White sugar daily price was £287.00 (same).

The market was rather dull and prices eased some £5 over the day in quiet trading conditions, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Mar	267.50-57.75	268.50-67.00	267.50-67.50
May	259.50-60.00	268.00-68.05	270.00-59.25
Aug	256.10-56.25	263.50-64.00	266.00-54.00
Oct	250.00-50.50	258.50-58.75	260.00-50.00
Jan	254.00-57.00	244.00-45.00	240.00
March	256.00-57.00	246.00-46.00	246.00-55.00
May	255.00-57.00	244.00-48.00	—

Sales: 6,354 (9,149) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £340.50 (£346.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for February 24: Daily price 23.77 (23.48), 15-day average 24.28 (24.25).

★

GRIMSBY FISH — Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £2.50-£3.50, codlings £2.20-£3.00. Large haddock £4.40-£4.80, medium £3.60-£4.00, small £2.00-£3.20. Large plaice £2.30, medium £1.80-£2.30, best small £1.50-£2.00. Skinned dogfish (medium) £8.50. Lemon soles (large) £12.90, medium £10.50. Saithe £1.50-£2.00.

PRICE CHANGES

	Feb. 25 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1500/1530	......	$1400/430
Copper			
Cash w'bar	£815.5	+8.5	£768
3 mths	£838.25	+9	£790.75
Cash Cathode	£811.75	+8.25	£758.5
3 mths	£825.5	+9	£776.5
Gold troy oz	$499.5	−2	$524.5
Lead Cash	£325.25	+6.25	£284
3 mths	£335	+8.375	£295.75
Nickel	£3,156	......	£3,226.57
Freemkt	285/305c	−5	270/290c
Platin'mtr'y oz	£213.50	+11.50	£202
Freemkt	£216.90	+0.70	£197.10
Quicksilver†	$395/405	......	$370/380
Silver troy oz	582.80p	+2.65	559.80p
3 mths	600.10p	+2.75	579.10p
Tin Cash	£6,152.5	+127.5	£5,785
3 mths	£6,274.5	+100	£5,952.5
Tungsten22.04lb	$144.21	......	$143.90
Wolfrm 22.04 lb	$150/164	......	$148/151
Zinc Cash	£335	+4.25	£312
3 mths	£345.25	+3.5	£323.75
Producers	$825	......	$825
Oils			
Coconut (Phil)	$590x	−5	$601
Groundnut	‡		‡
Linseed Crude	£404	......	£412
Palm Malayan	$620y	−10	$610
Seeds			
Copra Philip	$410	−5	$405
Soyabean(U.S.)	$312w	−4	$308.50
Grains			
Barley Futures	£99.50	+0.80	£108.15
Maize			
French	123w	......	£121
Wheat			
No 1 Red Spg.	‡	......	‡
No2 HardWint	£107.50w	−0.25	£102.25
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,011	+8	£923
Future May	£925.5	+8	£860.5
CoffeeF't May	£1051.5	+1	£995.5
Cotton A.Index	95.70c	−0.55	96.80c
Rubber (kilo)	58p	+0.50	56p
Sugar (Raw)	£263	−2	£268
Woolt'ps 64s kl.	314p kilo	......	304p kilo

† Unquoted. w March. x March-April. v Feb.-March. y April. z Indicator. § Buyer. ‡ Per 75 lb flask. * Nominal.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 15 tonnes, bringing the total for the week so far to 38 tonnes.

Orders came through sparingly and the rates of demand were extremely narrow. Few purchases were made, even in the popular styles of Middle Eastern qualities.

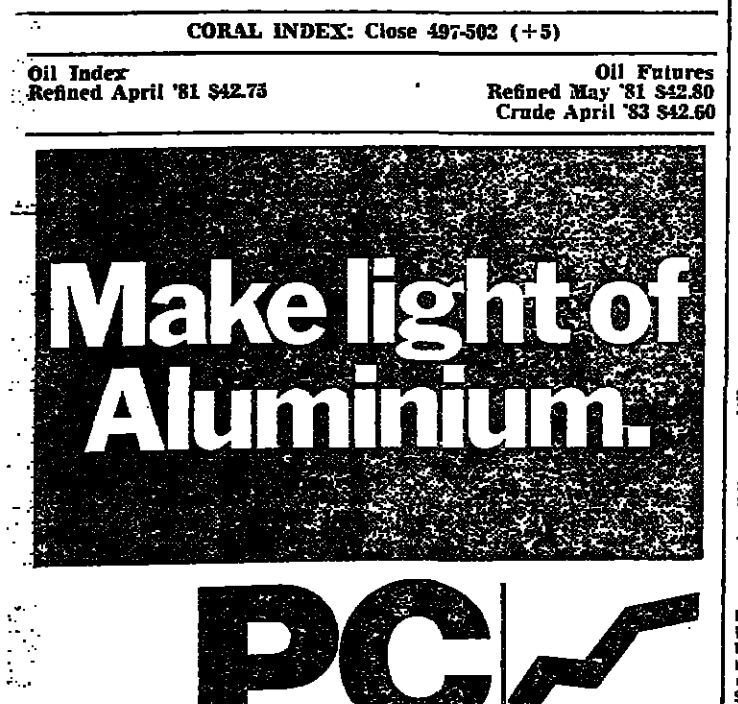
POTATOES

LONDON POTATO FUTURES—The market was nervous, uncertainty over PMB intentions creating erratic trade, reports Idey and Harpes. Closing prices: April 59.20 −20 (high 60.00, low 58.00), Nov. 57.70 +50 (high 58.00, low 57.60), Feb. 67.50 unchanged (high 68.00, low 67.50). Turnover 112 (233) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 70.0-74.2, Ulster hd. qtrs. 83.5-86.0, f. qtrs. 54.5-58.0, Eire hd. qtrs. 82.4-85.2, f. qtrs. 55.0-57.8. Veal: Dutch hinds and ends 108.5-110.5. Lamb: English small 71.5-78.0, medium 70.0-76.0, heavy 65.0-73.0. Imported frozen N.Z. pl 56.5-57.5, pm 56.5-57.5. Pork: English, under 100 lbs. 42.9-49.4, 100-120 lbs. 42.4-47.6, 120-160 lbs. 40.4-46.1.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: Shamoutis 50/189 4.30-5.05; Spania: Navels 48/54/60 4.20, 70 4.00, 80 3.90, 100 3.60, 112/150 3.50, 120 3.40; English Produce: Potatoes—Per bag 1.60-2.20. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramleys 0.06-0.14, Spartans 0.14-0.18, Cox's Orange Pippins 0.10-0.24, Russets 0.12-0.15, Laxtons 0.06-0.10. Pears—Per pound Conference 0.06-0.15, Comice 0.14-0.18. Cabbages—Per bag 1.40, White cabbages 3.40. Beetroots—Per bag 1.40-1.80. Lettuce—Per 12, round 3.60-1.80. Cucumbers—Per 16/18, 5.20-6.00. Sprouts—Per pound 0.06-0.07. Leeks—Per 10-lb 1.80-2.00. Rhubarb—Per pound forced 0.20-0.22. Carrots—Per 28-lb 1.40-1.80. Onions—Per bag 2.70-3.20. Celery—Per pack naked 16/18, 1.50-1.80. Swedes—Per 28-lb Devon 0.80-1.00. Parsnips—Per 28-lb 1.40-1.60. Turnips—Per 28-lb 1.00-1.20.



PUBLIC NOTICES

BEDFORDSHIRE C.C.—£4m Corporation Bills issued at 11 [illegible] on 25th February [illegible]. Applications [illegible]. Outstanding [illegible].

HALTON BOROUGH COUNCIL—£575,000 Halton Borough Council Bills issued on [illegible] February 1981 [illegible] Applications [illegible] totalled £2,875,000 — £575,000 Bills [illegible] outstanding.

OBITUARY

IT IS WITH DEEP REGRET that the death is announced of Monsieur Gilbert Geas, [illegible] general manager [illegible] Banque Nationale de Paris [illegible] service with the Bank dating from 1939. During a distinguished career, which also took him to South America and Nigeria, he was president of the French Chamber of Commerce in Great Britain and of the Foreign Banks Association. On his retirement last year he was appointed chairman of Bank of the West. In [illegible], while [illegible] director of BNP Ltd.

AMERICAN MARKETS

NEW YORK, February 25.

COPPER and precious metals declined on the weakness of foreign currencies and local selling. Sugar came under pressure from commission house liquidation. Coffee fell back on the lack of new developments, while cocoa continued to rally on technical buying. The low level of delivery notices helped support cotton values. Livestock prices collapsed with limit declines recorded in some months on prospects of heavy supplies. Grains and soyabeans finished unchanged to moderately lower, as local and professional traders pressed the market, reported Heinold.

Copper—March 80.60-80.70, (82.35), April 82.15 (83.85), May 83.30-83.50, July 85.80-85.90, Sept. 88.10-88.20, Dec. 90.60-91.00, Jan. 92.95, March 93.90, May 95.60, July 97.60, Sept. 99.00, Dec. 101.55.

Potatoes (round whites)—March 122.5-123.0 (122.5), April 145.1-146.4 (147.4), Nov. 88.0-88.5. Sales: 2,165.

Sugar—No. 11: March 24.40-24.45 (24.78), May 24.45-24.60 (24.89), July 24.45-24.55, Sept. 23.90, Oct. 23.80-23.85, Jan. 21.92, March 22.60-22.65, May 22.50-22.70, July 23.10. Sales: 8,615.

Tin—630.0-637.0 (628.0-635.0).

CHICAGO, February 25.

Lard—Chicago loose 19.50 (same).

Live Cattle—Feb. — (—), April 65.65 (66.25), June 68.30-68.20, Aug. 69.60-69.10, Oct. 67.65-67.60, Dec. 68.85-68.80, Feb. 68.60, April 70.30.

Live Hogs—April 44.95-45.20 (46.35), June 51.15 (52.65); July 52.97-53.00, Aug. 51.85-51.80, Oct. 50.90, Dec. 53.92, Feb. 56.50, April 54.77, June —.

‡‡Maize—March 359-359¼ (359½), May 370½-370¾ (371½), July 377¾-378, Sept. 375¼-375½, Dec. 374¼-374½, March 384½-385.

Pork Bellies—March 53.37 (55.95), May 55.72 (57.72), July 57.42, Aug. 56.52, Feb. 65.90, March 65.55, May —.

†Soyabeans — March 748¼-747½ (753¾), May 774-773½ (780½), July 797½-798, Aug. 806-807, Sept. 813½, Nov. 826-826½, Jan. 845, March 865½.

‖Soyabean Meal—March 213.4-213.8 (214.6), May 222.6-222.3 (223.6), July 230.0, Aug. 233.2, Sept. 236.0-236.5, Oct. 237.5, Dec. 241.5-241.2, Jan. 242.5-243.0, March —, May —.

Chicago Imm Gold—March 498.5-497.5 (504.7), April 504.4 (511.3), June 517.0-517.5, July 523.8, Sept. 536.8, Oct. 543.3, Dec. 556.4, Jan. 563.0, March 576.1, April 582.7.

Soyabean Oil — March 23.88-23.90 (24.06), May 24.73-24.70 (24.89), July 25.55-25.50, Aug. 25.80, Sept. 26.00, Oct. 26.20, Dec. 26.95-26.90, Jan. 27.05, March 27.58-27.60, May 27.90-28.00.

†Wheat—March 457-455½ (467¾), May 457-468 (471¾), July 486½, Sept. 482½-483, Dec. 504-503½, March 52[illegible].

unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen. †† $ per metric ton.

Tuesday's closing prices

NEW YORK, February 24.

††Cocoa—March 1965 (1893), May 2025 (1968), July 2075, Sept. 2128, Dec. 2198, March 2263, May 2323, July —. Sales: 4,688.

Coffee—"C" Contract: March 122.40-122.45 (121.75), May 128.15-128.40 (126.56), July 128.35-129.50, Sept. 131.70, Dec. 131.00-131.20, March 129.50-130.00, May 130.25-131.75, July 131.50-140.00. Sales: 2,010.

Cotton—No. 2: March 88.90-89.10 (90.98), May 90.80-91.05 (92.35), July 90.70-90.80, Oct. 86.00, Dec. 82.80-82.90, March 83.50-84.00, May 84.00-84.50, July 84.50-85.25. Sales: 8,750.

*Gold — Feb. 506.5-508.0 (498.0), March 505.8 (499.7), April 510.0-511.5, June 523.5-525.0, Aug. 537.7, Oct. 551.0, Dec. 562.5-563.0, Feb. 577.7, April 591.1, June 604.5, Aug. 618.0, Oct. 631.5, Dec. 645.1. Sales: 30,000.

Orange Juice—March 138.70 (141.60), May 144.0-144.10 (146.85), July 148.00-148.20, Sept. 150.30, Nov. 148.10-148.20, Jan. 144.80-145.20, March 145.70, May 146.70-147.00, July 147.80-148.20. Sales: 1,500.

*Platinum—Feb. 479.0-481.0 (488.0), March 485.5 (475.0), April 489.5-494.0, July 510.0-512.0, Oct. 538.0, Jan. 552.5, April 573.0. Sales: 805.

¶Silver—Feb. 1295.0 (1286.0), March 1295.0-1298.0 (1288.0), April 1315.0, May 1334.0-1337.0, July 1372.0, Sept. 1409.0, Dec. 1464.0, Jan. 1482.0, March 1518.0, May 1554.0, July 1590.0, Sept. 1626.0, Dec. 1680.0. Sales: 4,500. Handy and Harman bullion spot 1309.0 (1288.0).

CHICAGO, February 24.

Chicago Imm Gold—March 504.0-505.5 (498.8), April 511.3 (505.4), June 523.5-525.0, July 531.0, Sept. 543.5, Oct. 551.0, Dec. 564.2, Jan. 570.9, March 584.3.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 278.25 (278.70).

EUROPEAN MARKETS

ROTTERDAM, February 25.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent: March $223, April $225.50, May/June $228.50. U.S. No. 2 Red Winter: March $215, April $218, May $222. U.S. No. 2 Northern Spring, 14 per cent: March $243, April/May $220, June $221, July $222, Aug. $222.50, Sept. $227.

Maize—Afl $167, March $168, April $172, May $174, June $176.75, July/Sept. $178.50, Oct./Dec. $176, Jan.-March $186.

Soyabeans—U.S. No. 2 Yellow Gulfports: spot $308, Afl. $302, March $308, April $315, May $319, June $323, July $327, Aug. $330, Sept. $330, Oct./Nov. $334, Dec. $340.50. Argentina: June/July $319.50, Arg./Urg./Brazil/Gulf: May $316, June $319, July $323.

Soyameal—44 per cent protein; U.S.: Afl. $272-$274, March $270.50 traded, Afl. $273, March $271, May $281, April/Sept. $285, Nov./March $301 sellers. Brazil Pellets: Feb. $285 traded, Feb. $285, March $286, April/May $287.50, April/Sept. $295 sellers.

PARIS, February 25.

Cocoa (FFr per 100 kilos)—March 950-970, May 985-995, July 1005, Sept. 1057-1063, Dec. 1092-1102, March 1128-1136, May 1154-1165. Sales at call: Nil.

Sugar (FFr per tonne)—May 3070-3073, July 3050-3080, Aug. 3010-3015, Oct. 2900-2915, Nov. 2820, Dec. 2750-2850, March 2710-2805, May 2700-2790. Sales at call: 17.

INDICES

FINANCIAL TIMES

Feb. 24	Feb. 23	Month ago	Year ago
259.80	258.33	251.59	299.37

(Base: July 1, 1952=100).

MOODY'S

Feb. 24	Feb. 23	Month ago	Year ago
1158.5	1157.5	1157.6	1387.1

(December 31, 1931=100).

DOW JONES

Dow Jones	Feb. 24	Feb. 23	Month ago	Year ago
Spot	421.65	429.88	424.18	439.20
Fut'rs	433.43	443.76	442.51	480.89

(Average 1924-25-26=100).

REUTERS

Feb. 25	Feb. 24	M'nth ago	Year ago
1742.4	1739.8	1658.6	1785.5

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Equity index crosses 500 for first time in 3 months
Gilts consolidate their recent gains

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb. 9	Feb. 26	Feb. 27	Mar. 9
Mar. 2	Mar. 12	Mar. 13	Mar. 23
Mar. 16	Mar. 26	Mar. 27	Apr. 6

* "New time" dealings may take place from 9 am two business days earlier.

Motivated still by hopes that the Chancellor might produce a mildly reflationary Budget next month with a sharp cut in MLR, selective buying interest enabled London equity markets to put on another good performance yesterday. Gilt-edged securities, however, met with a more evenly balanced trade after the past two days show of strength.

A shortage of stock contributed to the firmness in the equity sectors and any doubts about ICI's final dividend — latest opinion appeared to favour the view that the group will maintain the payment when it announces its preliminary figures today—tended to fade into the background. ICI rallied 6 to 294p, but trade was only small.

Among other leaders, the current thin state of the market was often reflected in accentuated gains and the FT 30-share index crossed the 500 level for *the first time in three months* to close 7.5 up at 502.0. Of the index constituents, Glaxo were notable at 278p, up 14, on news that the company had received approval to market its anti-asthma drug, Ventolin, in the U.S. Outstanding rises were also recorded by **Tubes, Hawker** and **Lucas Industries.**

Companies expected to benefit from the Royal wedding attracted fresh interest with Hotel issues again being well to the fore. Among the sectors, House Building concerns encountered further useful demand, while secondary engineerings staged a good revival.

Gilts passed a much quieter day following Tuesday's big demand which exhausted supplies of the medium tap, **Treasury** 12 per cent 1986. Nevertheless, a good two-way trade developed in most areas of the market. The possibility *of a replacement medium tap* being announced tomorrow was a constraint, but buyers eventually held the stage and quotations finally recorded gains of ¼. Long-dated issues finished similarly better, but the shorts ended with losses of 1/16 after being slightly higher in the early business.

Traded options attracted 2,043 contracts, demand being boosted by the expiry of the February series. **Lonrho** were particularly active with 664 deals, while **Imperial** and **Racal** recorded 309 and 300 trades respectively.

Business in last Friday's highly successful market newcomer, **British Aerospace**, lessened and the close was unchanged at 177p.

Banks better

The major clearing banks moved higher in sympathy with the general trend. **NatWest** rose 10 to 370p following a reappraisal of the preliminary figures, while **Barclays** advanced 12 to 400p; the latter's annual results are due next Thursday. **Lloyds**, 330p, and **Midland**, 336p, closed with respective gains of 8 and 6. **Gillett Bros.** featured firm Discount Houses, jumping 21 to a *1980-81 peak of 256p* in response to the sharp final dividend increase. **Wintrust** rose 3 to 92p on news of the increased first-half earnings and Board's bullish remarks about second-half prospects.

Firm conditions prevailed in Insurances. **Commercial Union** *hardened a penny more to 157p* following comment on the results, while **GRE** put on 6 to 332p and **General Accident** 4 to 310p. Still reflecting a broker's recommendation, **Hambro Life** added 5 more at 345p.

Breweries remained firm with the larger gains being recorded in regional issues. **Greenall Whitley** rose 7 to 231p, while similar gains were seen in **Vaux**, 160p, and **Matthew Brown**, 150p.

Building issues continued to move higher. Among the leaders, **BPB** rose 5 to 246p, while **Blue Circle** hardened a couple of pence to a 1980-81 peak of 390p. *Housebuilders made useful progress* on hopes of lower mortgage rates, **Barratt Developments** rising 7 to 190p, **William Whittingham** 8 to 150p, after 152p, and **Laing "A"** 4 to 43p. Stock shortage exaggerated the rise in **John Finlan**, up 8 at 127p, while **French Kier** added 3 to 52p on speculative interest.

With business limited by the imminent preliminary trading statement, **ICI** held close to the overnight level of 288p during the House session, but after-hours moved up to close 6 dearer at 294p. Among other Chemicals, **Arrow** attracted speculative buying and gained 5 to 41p.

Comet wanted

Leading Stores made further headway on investment support. Gains of 3 were seen in **House of Fraser**, 146p, **Burton**, 120p, and **Debenhams**, 80p, while **Mothercare** picked up 2 more at 230p. **Vantona** continued to respond to Tuesday's pleasing annual results and rose 3 more for a two-day gain of 13 to 111p. Interest also developed for **Comet Radiovision**, 10 up at 149p, and for **Currys**, 7 better at 309p. *Hopes of an improved business* owing to the Royal wedding lifted **Moss Bros.** 15 to 195p.

With the exception of **Plessey** which eased a penny to 305p awaiting today's interim figures, Electrical leaders maintained a firm tone. **Philips' Lamps** were notable again for an *improvement of 8 to 378p, while* **Racal** put on 5 at 362p. Elsewhere, **Amstrad** touched 145p before closing a net 3 better at 138p in response to better-than-expected half-yearly results. **United Scientific** attracted fresh support at 378p, up 8, while **Wholesale Fittings** gained a similar amount to 220p.

The Engineering sector enjoyed an active and firm session as buyers, hoping that next month's Budget will contain much-needed help for the recession-hit industry, found stock in short supply. **Tubes** stood out among the leaders with a rise of *14 to 198p; the preliminary* figures are due on March 11. **Hawker** rose 10 to 284p and **Vickers** 6 to 156p. Still helped by news of the £43m Greek plant construction contract, **John Brown** added 3 more for a two-day rise of 8 to 78½p. Secondary stocks were well to the fore with improvements of around 6 seen in **APV**, 212p, **Ash and Lacy**, 197p, and **Davy Corporation**, 154p. **Evered** moved up 2½ to 26p on confirmation that the 22p per share cash offer from Francis Industries had lapsed in the face of low acceptances.

British Sugar closed 8 higher at 283p, after 285p, ahead of the Monopolies Commission decision on whether or not to allow S. and W. Berisford, 4 cheaper at 178p, to renew its offer for the company. Elsewhere in the Food sector, **Argyll** gained 6 to a 1980/1981 peak of 128p and the new nil-paid shares those the same amount to 63p premium. **Bluebird Confectionery** added 4 to 58p on small buying.

The prospect of increased hotel room bookings from the Royal Wedding continued to aid Hotel issues, **Grand Metropolitan** adding 3 more at 174p and **Trusthouse Forte** another 2 to 203p. Among overseas issues, **Faber Merlin Malaysia** gained 8 to 72p on its property interests.

Glaxo feature

Glaxo highlighted miscellaneous industrials, rising 14 to a 1980-81 high of 278p on the announcement that its successful anti-asthmatic drug-Ventolin, is to be marketed in the U.S. **Beecham**, however, softened 2 more for a two-day reaction of 11 to 163p on continuing concern about the group's new antibiotic drug Augmentin. Among secondary issues, **F. Wrighton** jumped 23 to 65p on news of a bid approach, while **BTR** rose 14 further to 412p on renewed investment demand ahead of the results, due next month. Revived speculative interest prompted an improvement of 12 to 142p in **Gripperrods** and a gain of 10 to 276p in **J. Bibby**. **Berisfords** put on 6 at 58p, while **Johnson Matthey** added 3 at 229p following the sharply higher 9-monthly profits. Buyers continued to show interest in possible beneficiaries of the Royal Wedding; **Birmingham Mint** rose 8 more to 230p, while **Staffordshire** and **Wade Potteries** improved 4 more to 50p and 55 respectively. **Toye** hardened 3 to 61p as did **Wedgwood**, to 76p. Still reflecting the poor annual results, **Hover A** dipped 5 to 117p.

The joint electric vehicle venture with Chloride continued to bolster **Lucas**, 8 better at 182p for a two-day gain of 13; **Chloride** rose 3 to 41p. Elsewhere in Motor Components, *Dowty firmed 7 more to 241p.*

The substantial reduction in first-half profits clipped 3 from **BPM A** at 70p. Elsewhere, **Olives Paper Mill** lost the turn to 22p following the sharply reduced annual profits and dividend passing.

Secondary issues provided the features in Properties. **Estates and Agency** touched 132p before closing a net 18 up at 130p following the acquisition of Egbaston Investment Trust for £4.55m. A speculative flurry lifted **Thames Investment** 14 to 162p, while **Rosehaugh** rose another 4 *to a 1980/81 peak of 272p.* **Trust Securities** dealings which resumed on Tuesday at 292p following the acquisition of W. W. Drinkwater, closed at 300p compared with the suspension price of 232p.

Tricentrol up

The bulk of business in Oils was concluded during the morning session when prices edged forward. **Shell** closed 6 dearer at 412p and **British Petroleum** 2 firmer at 396p. Outside the leaders, **Tricentrol** improved 6 to 312p ahead of the seventh round licence awards. **Ultramar** added 5 to 473p and **Lasmo** 13 to 653p, while **I. C. Gas** picked up 12 at 247p.

Among Financials, **Western Selection and Development** jumped 5 to 28p after the full-year results.

Shippings were firmer where altered. **John I. Jacobs** added 2½ at 39½p and **Ocean Transport** rose 6 to 138p.

Carrington Viyella's preliminary results proved to be no worse than the market had feared and the close was 1½ up at 14p. Other Textiles continued firmly and **Dawson International** added 5 more at 163p. Allied, *133p, Nottingham Manufacturing* 122p, and **Scottish, English and European**, 65p, all rose about 3.

Australian gains

Rubbers were mixed. Profit-taking clipped 3 from **Hidong**, 74p, while **Malakoff**, buoyant of late on rumours of a pending scrip issue, fell 8 to 151p. **Harrisons Malaysian Estates** shed a couple of pence to 187p following the interim profits setback, but renewed support took **Guthrie** up 13 at 775p. **Malaysia Rubber** ended 4 dearer at 69p.

A generally subdued mining market was featured by the strong gains in shares of **Consolidated Gold Fields Australia** and its subsidiaries **Mount Lyell, Renison**, and **Associated Minerals Consolidated**, following news that talks are in progress which could lead to a merger of the four companies.

Gold Fields Australia touched 370p before closing a net 40 higher at 360p, also following news of the increased interim dividend, while **Renison** rose 75 to 500p, **Associated Minerals Consolidated** 20 to 110p and **Mount Lyell** 11 to 95p. Elsewhere in Australians the sharp increase in half-year profits encouraged support for **Oakbridge**, 4 up at 124p.

South African Golds made *good progress as the initial rise* in the bullion price — finally $2 easier on balance at $499.50 an ounce—encouraged good buying from Johannesburg. This was followed by modest London interest but the market eased later in the day as the subsequent reaction in bullion prompted light U.S. profit-taking. The Gold Mines index advanced 12.4 to 350.6.

Financials were firmer across the board. In the London stocks gains in base-metal prices lifted **Rio Tinto-Zinc** 5 to 415p while **Charter** hardened 2 to 240p following news of the £24.8m acquisition of the Alexander Shand interests from BP. **Gold Fields** rose 3 to 448p—the half-year results are due on March 4.

Elsewhere, buying in a thin market lifted **Messina** 20 to 225p.

LEADERS AND LAGGARDS

Percentage changes since December 31, 1980, based on Tuesday, February 24, 1981.

Contracting and Construction	+18.20	Industrial Group	+ 4.82
Hire Purchase	+17.68	Overseas Traders	+ 4.71
Textiles	+12.93	Financial Group	+ 4.70
Tobaccos	+12.64	Leisure	+ 4.62
Building Materials	+11.93	Consumer Group	+ 4.57
Insurance (Life)	+10.93	Brewers and Distillers	+ 3.65
Other Consumer	+ 9.80	Engineering Contractors	+ 2.52
Packaging and Paper	+ 9.34	Office Equipment	+ 2.11
Property	+ 9.19	All-Share Index	+ 2.01
Other Industrial Materials	+ 8.80	Merchant Banks	+ 1.96
Insurance Brokers	+ 8.44	Investment Trusts	+ 1.82
Discount Houses	+ 7.73	500-Share Index	+ 1.50
Capital Goods	+ 7.62	Other Groups	− 1.31
Insurance (Composite)	+ 7.21	Food Retailing	− 1.89
Metals and Metal Forming	+ 7.16	Health and Household Products	− 2.40
Electricals	+ 6.46	Motors	− 2.55
Food Manufacturing	+ 6.11	Mining Finance	− 4.63
Mechanical Engineering	+ 5.48	Chemicals	− 6.40
Shipping and Transport	+ 5.23	Banks	− 6.59
Stores	+ 4.90	Oils	− 9.30
Newspapers, Publishers	+ 4.87	Gold Mines Index	−17.01

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Feb. 25, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues. Feb. 24 Index No.	Mon. Feb. 23 Index No.	Fri. Feb. 20 Index No.	Thurs. Feb. 19 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (211)	312.49	+1.0	13.32	5.26	9.16	309.31	306.32	306.19	306.59	244.84
2	Building Materials (26)	277.35	+0.7	16.87	6.23	7.07	275.52	273.07	272.70	272.24	239.61
3	Contracting, Construction (26)	484.30	+1.3	18.84	5.25	6.38	478.02	475.57	471.75	470.75	369.42
4	Electricals (27)	1021.91	+0.3	8.50	2.56	14.53	1019.21	1009.64	1008.85	1010.08	632.35
5	Engineering Contractors (11)	414.69	+1.8	14.38	6.24	8.87	407.49	404.68	410.28	406.57	293.63
6	Mechanical Engineering (71)	185.04	+2.3	15.80	7.12	7.92	180.94	179.69	180.23	181.21	167.96
8	Metals and Metal Forming (13)	148.96	+1.2	17.71	11.21	7.16	147.17	145.87	145.30	146.06	165.30
9	Motors (21)	90.73	+1.0	20.47	9.13	5.65	89.84	89.30	89.01	89.01	111.43
10	Other Industrial Materials (16)	319.15	+2.1	14.36	6.73	8.28	312.69	306.11	306.38	307.26	0.00
21	CONSUMER GROUP (198)	251.07	+0.8	15.02	6.28	8.09	249.02	246.40	246.27	247.50	222.54
22	Brewers and Distillers (20)	275.39	+0.9	16.82	6.64	7.05	272.82	267.10	269.10	271.15	268.43
25	Food Manufacturing (23)	224.61	+0.3	17.46	7.06	6.80	223.99	221.88	221.48	221.09	200.37
26	Food Retailing (14)	455.60	−0.2	9.89	3.53	11.95	456.52	461.22	460.41	460.95	306.58
27	Health and Household Products (7)	259.41	+0.7	10.24	5.50	11.61	257.72	264.52	269.42	273.09	211.74
29	Leisure (22)	368.58	+0.9	15.17	6.20	8.13	365.16	354.00	351.27	350.68	301.81
32	Newspapers, Publishing (12)	446.61	+0.2	20.43	6.98	6.36	445.65	446.31	443.82	443.15	444.73
33	Packaging and Paper (15)	126.70	+1.1	25.21	9.58	4.60	125.26	124.95	123.65	124.30	131.29
34	Stores (44)	262.10	+1.2	11.35	4.81	11.54	259.07	254.39	253.85	255.58	223.55
35	Textiles (21)	144.12	+2.4	17.83	9.39	7.33	140.80	136.61	133.87	133.82	130.38
36	Tobaccos (3)	226.33	+0.7	23.94	10.29	4.79	224.84	225.36	223.31	225.77	207.99
39	Other Consumer (17)	263.48	+0.8	14.47	7.30	8.45	261.47	255.49	253.24	252.30	0.00
41	OTHER GROUPS (79)	220.35	+1.2	17.82	7.76	6.71	217.70	215.62	217.22	218.87	209.82
42	Chemicals (15)	282.43	+1.6	20.69	9.40	5.66	278.09	274.56	279.47	282.89	309.20
44	Office Equipment (6)	106.36	+2.6	17.50	7.81	6.78	103.66	102.66	101.71	102.94	120.31
45	Shipping and Transport (13)	572.75	+1.3	13.22	6.45	9.28	565.63	562.65	564.12	568.94	481.91
46	Miscellaneous (45)	272.51	+0.4	16.26	6.26	7.57	271.31	269.28	269.54	269.67	247.78
49	INDUSTRIAL GROUP (488)	268.19	+1.0	14.77	6.11	8.21	265.66	262.98	263.13	264.19	232.33
51	Oils (12)	850.77	+1.0	28.23	6.38	3.95	842.18	829.75	835.32	843.73	823.84
59	500 SHARE INDEX	314.40	+1.0	17.60	6.12	6.69	311.40	307.95	308.52	310.15	278.90
61	FINANCIAL GROUP (118)	248.30	+1.0	—	5.47	—	245.79	245.23	243.82	244.05	198.32
62	Banks (6)	236.55	+2.6	42.77	7.52	2.81	230.59	234.51	236.54	232.44	228.48
63	Discount Houses (10)	313.39	+0.2	—	5.74	—	312.65	308.22	307.39	306.01	226.82
64	Hire Purchase (5)	234.25	+0.9	9.70	4.37	13.59	232.18	230.55	228.09	226.95	185.49
65	Insurance (Life) (10)	258.30	+0.9	—	5.11	—	256.80	252.12	248.83	251.39	176.62
66	Insurance (Composite) (9)	159.68	+1.1	—	7.44	—	157.87	156.71	152.73	155.28	126.28
67	Insurance Brokers (9)	348.84	+0.7	13.07	6.64	10.46	346.53	343.22	336.85	343.10	290.61
68	Merchant Banks (13)	152.03	+0.6	—	5.09	—	151.12	150.20	150.26	149.54	104.38
69	Property (45)	486.92	+0.2	3.05	2.55	45.58	485.93	483.58	483.98	483.58	367.90
70	Miscellaneous (11)	176.71	−0.1	15.52	5.25	8.19	176.84	176.41	176.08	176.19	131.69
71	Investment Trusts (109)	289.19	+0.8	—	5.32	—	287.00	284.58	284.27	284.29	224.47
81	Mining Finance (3)	219.46	+1.0	14.88	6.11	8.01	217.39	215.71	215.02	213.49	217.13
91	Overseas Traders (20)	450.80	+0.5	11.33	6.76	10.75	448.56	450.17	451.25	453.79	414.82
99	ALL-SHARE INDEX (750)	300.69	+1.0	—	5.97	—	297.86	295.23	295.27	296.41	260.62

FIXED INTEREST PRICE INDICES

	British Government	Wed. Feb. 25	Day's change %	Tues. Feb. 24	xd adj. today	xd adj. 1981 to date
1	Under 5 years	108.06	−0.02	108.08	—	2.48
2	5-15 years	111.24	+0.07	111.16	—	1.89
3	Over 15 years	113.42	+0.05	113.37	—	2.05
4	Irredeemables	126.58	−0.37	127.05	—	1.45
5	All stocks	110.60	+0.03	110.57	—	2.10

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Wed. Feb. 25	Tues. Feb. 24	Year ago (approx.)
1	Low Coupons	5 years	11.25	11.24	13.00
2		15 years	12.22	12.22	12.88
3		25 years	12.45	12.43	12.88
4	Medium Coupons	5 years	13.02	13.01	14.91
5		15 years	13.79	13.80	14.45
6		25 years	13.65	13.65	14.25
7	High Coupons	5 years	13.06	13.04	15.05
8		15 years	14.00	14.01	14.78
9		25 years	13.85	13.86	14.69
10	Irredeemables		11.64	11.60	11.70

		Wed., Feb. 25 Index No.	Yield %	Tues. Feb. 24	Mon. Feb. 23	Friday Feb. 20	Thur. Feb. 19	Wed. Feb. 18	Tues. Feb. 17	Mon. Feb. 16	Year ago (approx)
15	20-yr. Red. Deb. & Loans (15)	52.32	†14.16	52.33	52.32	52.31	52.30	52.29	59.29	54.29	50.84
16	Investment Trust Prefs. (15)	50.76	13.34	50.76	50.71	50.71	50.71	50.71	50.71	50.71	47.89
17	Coml. and Indl. Prefs. (20)	67.68	13.27	67.63	67.45	67.28	67.28	67.28	67.32	67.55	61.63

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980-81 high	1980-81 low
Shell Transport	25p	10	412	+ 6	522	314
Ass. Dairies 'New'	Nil/pd.	9	24pm	+ 2	24pm	17pm
Beecham	25p	8	163	− 2	185	108
Allebone	10p	7	38	—	40	15
BP	25p	7	396	+ 2	502	320
GEC	25p	7	647	—	653	326
ICL	25p	7	35	− 1	196	31
BTR	25p	6	412	+14	414	201
Hawker Siddeley	25p	6	284	+10	284	158
ICI	£1	6	294	+ 6	402	282
NatWest Bank	£1	6	370	+10	428	305
Unilever	25p	6	485	+ 2	512	388
BAT Inds.	25p	5	283	+ 3	295	223
Cons. Gold Fields	25p	5	448	+ 3	678	373
Glaxo	50p	5	278	+14	278	182

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 16	Feb. 27	May 28	June 8
Mar. 9	Mar. 20	June 11	June 22
Mar. 23	Apr. 3	June 25	July 6

For rate indications see end of Share Information Service

Another exceptionally quiet day in the Option market saw calls traded in ICL, House of Fraser, British Aerospace, Premier Oil, Lonhro, Hestair, Newman Industries and North Kalgurli. Puts were arranged in Marks and Spencer, Lucas and Tubes, while doubles were completed in ICI and Westward TV.

RISES AND FALLS

	Up	Down	Same
British Funds	30	28	40
Corpns., Dom. and Foreign Bonds	7	5	53
Industrials	431	138	817
Financial and Prop.	222	25	261
Oils	17	19	38
Plantations	6	4	13
Mines	85	8	72
Others	79	16	59
Totals	877	241	1,341

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p‡	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
150	F.P.	3/4	179	170	British Aerospace 50p	177	.....	b7.8	2.0	6.3	11.3
610	F.P.	—	650	600	✠Cramphorn	550	.....	16.5	2.1	3.6	—
10p	F.P.	27/3	16	13¾	✠Crest Intl Scs. 10p	15¼	+ ¼	—	—	—	—
5§	F.P.	—	8	6½	✠Dunton 5p	7½	.....	—	—	—	—
100	F.P.	—	102	95	New Darien Oil Trust	100	+1	—	—	—	—
42p	F.P.	13/5	45	39	Oil & Gas Production	39	.....	—	—	—	—
4.2p	P.P.	13/5	9	7½	Do. (50.01 pd.)	8	.....	—	—	—	—
§§	F.P.	—	14	12	✠Parkfield Foundri's	13	.....	0.88	6.4	9.3	2.4
81§	F.P.	16/2	106	96	Sonic Sound Audio 10p	102	+1	b4.48	1.9	6.3	9.9
**	F.P.	9/2	84	72	Westpool Inv. Defd	76	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price £	+ or −
‖	F.P.	14/1	111	100½	Allied London 8½% Cnv. Uns. Ln. 1999	106	.....
¶100	£10	21/5	11¾	11½	Bristol Water 8% Red. Pref '86	11¾	+ ¼
100p	F.P.	28/1	105p	102p	Comben 11.375% Cum. Red. Pref.	106p	.....
‖	F.P.	12/2	118½	106½	Crystalate 9¾% Cnv. Uns. Ln. '99-2000	118½	+ 1½
¶	F.P.	25/2	105	104	Essex Waterworks 8½% Red. Prf. 1985	104	− ½
96	£20	27/3	21⅛	20¾	Iceland 14½% 016	21⅛	.....
£100	£50	30/4	46	41	Lon. Merchant Secs. 7¾% Cv Uns Ln 2000-05	45	.....
99	F.P.	23/3	101½	98¾	Mid-Sussex W'rw'ks 14% Red. Deb. '86-88	101½	.....
‖	F.P.	20/1	135p	107p	Paterson (R.) 11½% Cum. Cnv. Prf.	135p	+ 5
‖	F.P.	13/2	125	113	Portals 9½% Cnv. 1994-2000	123	+ 1

"RIGHTS" OFFERS

Issue Price p‡	Am'unt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980/81 High	1980/81 Low	Stock	Closing price p‡	+ or −
65p	Nil	27/2	27/3	63pm	60pm	Argyll Foods	63pm	+6
154p	Nil	9/3	22/5	24pm	17pm	Assoc. Dairies	24pm	+2
30	F.P.	6/2	27/2	41	34½	Benlox	39	+1
45	F.P.	18/2	13/3	65	51½	Hampton Trust	51½	.....
184	F.P.	29/1	13/3	230	188	Johnson, Matthey	230	+5
$A1.05:55cts	—	—	—	75	27	*North Kalgurli Mines*	33	+1
45p	Nil	9/3	3/4	5pm	2½pm	Paradise B.	4pm	.....
60	F.P.	16/2	27/3	86	71	Norcros	86	.....
320	F.P.	23/1	20/3	380	330	Royal Insurance	380	+3

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking *only for restricted dividends.* § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Resulting from debt settlement scheme. ¶¶ Units comprising 125 A Ord. & 8 12½% Cum. Pref.

FINANCIAL TIMES STOCK INDICES

	Feb. 25	Feb. 24	Feb. 23	Feb. 20	Feb. 19	Feb. 18	Year ago
Government Secs.	69.34	69.42	69.33	69.17	69.43	69.30	[illegible]
Fixed Interest	71.15	71.08	70.78	70.97	70.90	70.88	[illegible]
Industrial Ord.	502.0	494.5	486.5	488.4	494.2	489.3	[illegible]
Gold Mines	350.6	338.2	341.0	336.2	332.9	331.4	[illegible]
Ord. Div. Yield	7.17	7.28	7.39	7.35	7.28	7.36	[illegible]
Earnings, Yld. % (full)	15.88	16.21	16.43	16.36	16.19	16.37	17.88
P/E Ratio (net) (*)	7.70	7.55	7.44	7.48	7.56	7.47	6.96
Total Bargains	24,387	24,328	22,112	24,017	25,239	22,337	18,556
Equity turnover £m	—	136.68	135.17	178.94	181.38	123.79	154.85
Equity bargains total	—	18,658	19,300	19,461	18,178	15,188	16,089

10 am 497.6. 11 am 497.1. Noon 499.7. 1 pm 499.7. 2 pm 499.5. 3 pm 499.5.

Latest Index 01-246 8026.

*Nil=7.11.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.54 (21/7/80)	63.85 (7/5/80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7/80)	64.70 (18/8/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	515.9 (21/11/80)	406.9 (3/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9/80)	265.5 (18/6/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 25	Feb. 24
—Daily—		
Gilt Edged	152.7	154.0
Industrials	110.1	117.9
Speculative	29.2	27.2
Totals	75.5	78.3
5-day Avrge.		
Gilt Edged	141.6	140.5
Industrials	109.0	107.4
Speculative	25.5	27.3
Totals	73.1	72.6

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (117)

BRITISH FUNDS (2)
INTERNATIONAL BANK (1)
AMERICANS (5)
BANKS (4)
BEERS (3)
BUILDINGS (18)
DRAPERY & STORES (9)
ELECTRICALS (7)
ENGINEERING (6)
FOODS (2)
HOTELS (1)
INDUSTRIALS (15)
INSURANCE (1)
LEISURE (1)
MOTORS (1)
NEWSPAPERS (2)
PROPERTY (6)
SHIPPING (1)
TEXTILES (7)
TRUSTS (16)
OIL & GAS (1)
OVERSEAS TRADERS (1)
RUBBERS (1)
MINES (2)

NEW LOWS (11)

ELECTRICALS (1)
Dale Elec.
ENGINEERING (1)
Beaufort
INDUSTRIALS (4)
Duple Int. — Mettoy Defd.
MacLellan (P. & W.) — Sylone
TEXTILES (1)
Montfort
OIL & GAS (3)
Ceres Res. — Shackleton
Collins (K.) Pet.
MINES (1)
Newmetal

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 93.7 93.8xd +0.2 14.93
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa DM30.80 31.60 −0.10 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Feb. 17 $4.01 4.21 ..... —

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM15.78 16.80 ..... —
Intl. Rentenfonds DM59.30 61.10 ..... —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 01-283-2400.
HS Channel Is. Fd. 142.4 151.9 ..... 3.00
H.S. Fixed Int. Fd. 91.0 96.0xd 12.50

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† US$2.51 2.57xd 0.47
OCSm. Co. 104.0 110.2 ..... 2.94

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	56.8	61.1xd	+0.3	2.37
Abbey Capital	45.7	49.4	+0.6	4.96
Abbey General	56.3	59.8xd	+0.8	5.73
Abbey Gilt & F.I. Tst.	106.6	112.2	.....	11.68
Abbey Income	35.2	38.0xd	+0.4	9.24
Abbey W'Wide Bd Tst	94.4	99.5	-0.2	6.73
Abbey Inv. Tst. Fd.	49.3	53.3	+0.8	4.77
Equity Prog. Tst.	80.2	86.7	+0.9	4.72

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt Trust	86.1	90.6xd	.....	12.74

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	87.9	94.1xd	+1.1	6.23
Brit. Inds. Fund	76.6	82.0	+0.6	6.51
Growth & Income	50.4	53.9	+0.6	5.01
Elect. & Ind. Dev.	44.4	47.5	+0.4	5.26
Allied Capital	96.1	102.8	+0.9	4.67
Hambro Fund	131.8	141.0	+1.2	6.15
Hambro Acc. Fund	180.9	193.6	+2.0	4.70
Income Funds				
High Yield Fd.	63.0	67.2xd	+0.5	8.90
High Income	86.1	92.1	+0.7	6.99
Equity Income Fd.	45.1	48.3xd	+0.5	7.58
Govt. Secs.	25.4	26.1	+0.1	11.88
International Funds				
International	33.8	36.3xd	+0.2	2.20
Japan Fund	24.2	25.9	+0.2	0.24
Pacific Fund	66.2	70.8	+0.7	1.16
Secs. Of America	71.0	76.0	+0.4	2.11
Specialist Funds				
Smaller Co.'s Fd.	55.0	58.8	+0.4	4.41
2nd Smlr. Co's Fd.	66.6	71.3	+0.5	4.07
Recovery Sits.	137.5	147.1	+1.3	5.17
Met. Min. & C'dty.	66.9	71.6	+0.6	4.31

[illegible]

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd	38.7	41.7	+0.2	0.90
Cres. Internat'l	77.4	83.5	+0.4	1.72
Cres. High. Dist	43.8	47.3	+0.6	10.31
Cres. Reserves	49.5	53.4xd	+0.4	5.38
Cres. Tokyo	32.3	34.8	+0.2	0.90

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.1	25.5	.....	10.31

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Feb. 6	225.3	240.3	.....	5.49

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.6	19.4xd	.....	7.29
Gt. Winchester O'seas	26.0	28.9xd	.....	3.68

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	88.6	93.2	+0.9	4.70

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	32.9	35.4	-0.2	0.78
Amer.Spec.Sits. (z)	24.5	26.4	+0.2	0.89
Gilt + Fixed Int.	25.0	26.4	.....	12.02
Growth + Income	31.3	33.7	+0.3	7.02
Maximum Inc. Eq. Tst.	26.6	28.7	+0.2	8.86
Special Sits.	38.3	41.2	+0.4	1.91

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	36.9	39.7	+0.2	2.21
Accum. Units	45.8	49.2	+0.2	2.21
J. Finlay High Income	36.5	39.2	+1.0	9.75
Finlay Wld. Energy	18.0	19.4	+0.1	1.79
Accum. Units	23.2	25.0	+0.2	1.79
J. Finlay Fd.In.Tst.	38.7	41.6	+0.5	5.09
Accum. Units	49.8	53.5	+0.6	5.09

Prices on Feb. 25. Next dealing March 4.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ 01-628 5181

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
99¾	93⅝	Treasury 9½pc 1981‡‡	99¾xd	+⅛	9.77	12.95
98	91¼	Exch. 8¼pc 1981	98	......	8.35	12.31
98⅞	92¼	Exch. 9½pc 1981	98⅞	......	9.61	12.23
96½	85½	Exch. 3pc 1981	96	—⅛	3.12	11.79
99	93½	Treas. Variable '81‡‡	99	......	12.66	13.45
100⅝	95	Exch. 12¾pc 1981‡‡	100	—⅛	12.71	12.17
97	88½	Treas. 8½pc '80-82‡‡	97¼	—⅛	8.75	11.96
95	82½	Treasury 3pc '82‡‡	95	......	3.15	8.47
102⅜	96⅝	Treasury 14pc '82‡‡	101xd	—⅛	13.73	12.82
98⅞	94¼	Treas. Variable '82‡‡	98½	......	12.75	13.76
95⅝	86⅛	Treasury 8¼pc '82	95	—⅛	8.63	11.98
95⅞	86⅝	Exch. 9¼pc 1982	95xd	—⅛	9.65	12.27
94¼	85	Exch. 8¾pc 1983	94	—⅛	9.24	11.99
89	76½	Exch. 3pc 1983	89	......	3.37	9.18
99⅜	90⅞	Treasury 12pc 1983‡‡	99xd	—⅛	12.08	12.41
96	90⅝	Treas. Variable '83‡‡	96⅝	......	13.00	14.38
93⅞	84½	Treasury 9¾pc '83	93	—⅛	9.86	12.31
102⅛	94¼	Exch. 13½pc '83	102	—⅛	13.26	12.65
93⅞	84½	Exch. 10pc 1983	93	—⅛	10.66	12.67
87	76½	Funding 5½pc '82-84‡‡	87	......	6.32	10.85
97	87¼	Exch. 11¼pc 1984	96½	—⅛	11.66	12.69
104	94½	Exchequer 14pc 1984	103	—⅛	13.50	12.80
80⅝	68¼	Exch. 3pc 1984	80⅝	......	3.73	10.12
99⅞	88⅝	Treasury 12pc 1984	98xd	—⅛	12.24	12.78
109	98	Treasury 15pc 1985	107	—⅛	14.01	12.69
41	39	Exch 12pc Cv '85 (£40 pd)	40	—⅛	12.25	12.67
75	69	Treasury 3pc 1985	75	......	4.00	10.46
74⅛	71¼	Do. "A"	74¼	—⅛	4.05	10.72
103¼	96	Exch. 12¼pc 1985	98	......	12.49	12.70
97⅛	93½	Exch. 11¾pc '86	96xd	+⅛	12.22	12.83

Five to Fifteen Years

[illegible]

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
37	21	Acmex 50c	35	......	Q2.5c	—	3.8
28	12	ACM 20c	17	......	—	—	—
19	14	Argosy Gold NL 25c	14	......	—	—	—
*199	46½	Bond Corp.	152	......	Q7.5c	1.9	2.6
156	76	Bougainville 1 Kina	86	+4	Q26.2c	φ	15.8
*350	216	CRA 50c	228	−4	Q19c	φ	4.3
25	11½	Canada Northwest	18	......	—	—	—
42	8	Carr Boyd 20c	18	−2	—	—	—
545	152½	Central Pacific	268	−2	—	—	—
36½	9¾	Cons. Gold Min. N.L. 50c	35	......	—	—	—
47	17	Coltus Pacific N.L.	43	......	—	—	—
52	20	Eagle Corp. 10c	27	......	—	—	—
41	15¼	Endeavour 20c	36½	......	—	—	—
600	175	G. M. Kalgoorlie 25c	355	+5	†Q13c	φ	1.9
46	15	Great Eastern	15	......	—	—	—
*275	117	Hampton Areas 10p	220	......	t2.5	2.4	1.6
*168	70	Haoma Gold N.L.	104	+2	—	—	—
95	15	Intl. Mining	50	−2	—	—	—
390	11	Kitchener NL 25c	180	......	—	—	—
720	65	Leichardt Expln.	65	......	—	—	—
500	300	Meekatharra	350ǂ	......	—	—	—

Tins

Copper

Miscellaneous

NOTES

REGIONAL MARKETS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES

Thursday February 26 1981

EMPLOYMENT DEPARTMENT SEES NO HALT IN RECESSION

One in nine factory jobs go

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ONE IN nine manufacturing jobs has disappeared so far in the recession with no sign of a halt in the decline.

Department of Employment figures published last night in its monthly gazette show that the number of jobs in UK manufacturing dropped by 811,000 to 6.25m between mid-1979 and the end of last year, a decline of 11.5 per cent.

That fall is larger than in any previous post-war recession. It highlights the scale of the structural changes occurring in the British economy.

Between the middle of 1979 and the end of 1980 total UK employment fell by 1.12m with a rise in total unemployment of 860,000. The expected rise in the population of working age was about 300,000, leaving about 500,000 workers unaccounted for.

The sharpest relative decline has been in metal manufacturing where 89,000 jobs, or one in five, have disappeared in the past 18 months, largely reflecting the reductions by British Steel.

The problems of the textiles sector have been reflected in a 19.5 per cent drop in jobs since mid-1979. Other sharp declines have been in clothing and footwear (down 13 per cent) and mechanical engineering (down 11.5 per cent).

Companies have been getting rid of surplus or under-used labour which would often be retained during a recession. That appears to reflect a belief that competitive pressures, notably from a strong pound, may be long term. It also suggests that there may be scope for a large improvement in productivity.

In contrast with previous recessions, there has been no expansion of service employment to offset some of the loss of manufacturing jobs. The department estimates that employment in service industries fell by about 100,000 in the fourth quarter of last year, roughly the same as in the previous three months.

Total employment is thought to have dropped by about 350,000 in the fourth quarter for a total decline of 1.12m to 21.78m since mid-1979. That compares with a drop of 638,000 over two years in the previous largest shake-out in 1970-71.

The drop in employment has been more than 250,000 larger than the rise in unemployment over the period. This suggests that proportionately fewer people have been registering as unemployed than in previous recessions, and that the published jobless figures understate the true position.

The gap narrowed significantly in the fourth quarter possibly because some unemployed people began to register after spending their redundancy pay.

The number of missing workers is even larger than these figures suggest since the population of working age has been rising by about 200,000 a year.

It is possible that 500,000 people have left the labour market in the last 18 months without seeking work. Many men have apparently retired early. Many married women have been discouraged from seeking work.

Engineering pay rises 'below 10%'

BY PHILIP BASSETT, LABOUR STAFF

CLEAR indications of the falling level of pay increases were reported yesterday by the Engineering Employers' Federation which said 90 per cent of member companies reaching local deals in the last two months had setled at or below 10 per cent.

The figures presented to the management board of the EEF, the largest constituent of the Confederation of British Industry, give detailed support to last week's CBI pay databank results which showed rises in manufacturing industry were now "firmly in single figures."

The falling level of local settlements in the engineering industry also reflects concern among workers and companies about the effect of the recession on employment.

ENGINEERING INDUSTRY
Local pay settlements
December-January

Average % increase	EEF member firms	% of total surveyed
15.1 & over	2	0.4
0-6	121	24.2
6.1-10	327	65.4
10.1-15	50	10

The EEF estimates further falls in employment and forecasts that in mechanical engineering alone employment will be between 90,000 and 180,000 lower at the end of this year compared with last year.

The survey, covering settlements by 500 engineering companies in December and January and involving some 170,000 manual workers and staff, deals with local agreements in the industry's two-tier bargaining system.

Minimum rates for the industry are set at national level, which are now not implemented until member companies have concluded local deals of their own pay anniversary dates. The figures in the table take into account the 8.2 per cent increase in national minimum rates struck in October last year. Some member firms' overall deals are below this level because their rates are already higher than the minimum.

The EEF, commenting on the results yesterday, said:

- 90 per cent of the 500 companies agreed increases of 10 per cent or less, compared with 75 per cent of the settlements in the survey covering the previous two months.
- Nearly 25 per cent of the settlements were for 6 per cent or less, which is double the number of companies who settled at that level in the October-November survey.
- Some 44 companies reported that they had made no pay increase at all or had deferred their settlements, compared with 16 in the previous survey.

Coal deal may take two weeks to settle

By Christian Tyler, Labour Editor

THE FINANCIAL cost of the Government's politically expensive deal with the miners will take at least another two weeks to settle.

Estimates range from £250m by Whitehall to £400m or £500m by the National Union of Mineworkers. But no figures were mentioned yesterday when the mining unions and the National Coal Board met Energy Ministers.

The main items of the package were set out yesterday as Mr. David Howell, Energy Secretary, reconfirmed the Government's willingness to revise the financial constraints on the board.

The cost of keeping open the pits the board attempted to close could not be easily estimated, Sir Derek Ezra, NCB chairman, said.

That is because the NCB and unions have agreed to revert to the joint review procedure under which "problem pits," numbering about 50, are regularly and individually assessed by both sides.

Yorkshire NUM area, one of the two that dropped out of the procedure, will return. The other is South Wales, where the strikes started.

The board will prepare calculations for a further tripartite meeting, probably on March 11, on the cost of decelerating the closure programme again and the cost of export promotion.

The implications for the operating grants from the Government which were supposed to be phased out entirely in 1983-84 and for the industry's external financing limit, will also be discussed.

On the crucial imports question the board said it saw scope for substituting about 3m tonnes of the expected 5½m tonnes of imports in the coming financial year. The board is to start negotiations with its two main customers, the Central Electricity Generating Board and the British Steel Corporation, both of whom have baulked at the idea of reducing their foreign purchases.

NUM officials told the meeting they wanted to discuss higher redundancy payments for men forced out of the industry by closure of exhausted pits.

They also seek more attractive early retirement terms, to reduce the retirement age from 60 to 55 for underground workers and to below 65 for surface workers without the necessary underground service.

Mr. Joe Gormley, NUM president, said after yesterday's meeting that he hoped that there would be no undue delay.

Opencast mines, Page 8

THE LEX COLUMN

Carrington fights down its debt

The one piece of good news from Carrington Viyella is that its borrowings appear to be under control despite its substantial losses. The after tax deficit for 1980 is £9.6m, and in addition there are extraordinary charges of £21.5m. Yet total debt is actually £4m lower at £57m, thanks in large measure to a major drive on stocks which brought a favourable swing of £20m in borrowings during the second half.

In fact the balance sheet gives a flattering picture, since only about £7m of the £14m cash cost of the closures had been paid out by the year end. It is noticeable that whereas stocks and debtors have fallen by nearly £30m, creditors are barely changed. All the same, the Board believes it has a reasonable chance of achieving the objective of further reductions in borrowings this year.

Asset disposals should bring in several million pounds, and there is more to be squeezed out of stocks. Capital spending has been cut back more or less in line with the depreciation charge.

But the group is still a long way from financial security. Book net worth has been cut from £107m to £75m, and the market capitalisation at 14p—up 1½p yesterday—is just £25m. This recognises that sooner or later, Carrington is going to have to be recapitalised.

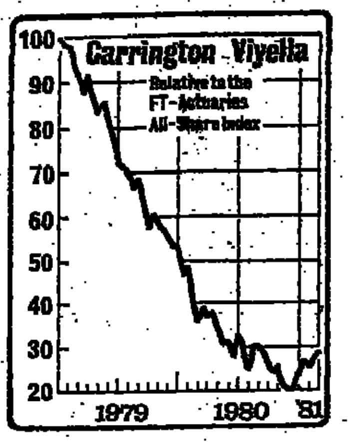
The aim over the next six months or so is to consolidate after the major surgery which has taken place. The group reckons that it now has a viable business given "normal" trading conditions—but is still working short time across the board. It is probably just about breaking even before interest costs—which last year represented 4 per cent of sales.

However, it says that relations with its bankers are now perfectly normal, following renegotiations which arose last autumn as a result of problems with interest cover. It also stresses that ICI, which owns 49 per cent of its shares, is no more than a (very) interested observer.

The question is how Carrington will finance any recovery in demand when that eventually shows up. The best hope may be that by the end of the year the group will have demonstrated that it has a firm production base with vastly lower overheads. That could be the basis for some form of equity injection.

However the commercial logic of the link with ICI has dwindled over the past decade.

Index rose 7.5 to 502.0



And Carrington's reorganisation has taken it a significant step away from its long established policy of vertical integration. It now believes that if it is to remain a major force in the changed climate for the textile industry, it must have the flexibility provided by external suppliers.

Mersey Docks

It is now clear that the Mersey Docks and Harbour Company is facing a financial crisis which is just as grave as it was a decade ago when its predecessor, the old dock and harbour board, defaulted on its debts.

The immediate problem is £2m of interest payments due in April. The company has virtually exhausted its Government backed overdraft of £6m, has no reserves of its own, and is paying out £500,000 a month to 1,000 dockers for whom there is no prospect of work. Unless it can cut its workforce by a third between now and the end of April it will not have enough money to pay the wages and, in the absence of additional Government help, will have to go into receivership.

At the eleventh hour the Government is increasing the dockers' severance payments by fifty per cent for a two month period only. However, this is not enough and the extra support the port needs will be discussed with the Government in just under a fortnight's time.

It seems unlikely that the port will be allowed to go into receivership but this is of little consolation to the company's 19,000 hard pressed stockholders. So far the company has repaid only 8p in the pound of loan stock and there is little prospect in sight of further substantial repayments from the sale of land which the company has mostly rented out. Another capital reconstruction looks probable.

Harrisons

The strain of lower commodity prices is showing up at Harisons Malaysian Estates. Pre-tax profits in the half year to September are 8½ per cent lower at £13.9m, due entirely to a downturn in the final three months. Rubber earnings are about 8 per cent higher on unchanged volume, but a fall of nearly a third in palm oil prices has led to a decline here. Meanwhile, poor weather in October and December will reduce volume in the current half. These figures help to explain why Harrisons and Crosfield, which owns four-fifths of HME, is forecasting a decline in profits for 1980 from £58.4m towards £50m.

H and C itself now has an immensely strong balance sheet, with shareholders' funds likely to have doubled last year to more than £300m, helped by the rights issue and plantation revaluations. Against this, gross debt remains unchanged at £364m or so, more or less matched by cash held by HME.

The rating of the rump of H and C, once HME and London Sumatra are stripped out, is now extremely high compared with most quoted timber or chemical concerns. The company is busy diluting its plantation interests —with the latest acquisition of a U.S. chemical business announced this week. But it looks as if the premium in the shares reflects speculation that the Malaysians may direct their attentions to the head of the Harrisons empire following the acquisition of an 8 per cent stake a fortnight ago.

Lonrho/Observer

To fill in the moments of longeur in its battle for House of Fraser, Lonrho has taken control of the Observer in a deal which is no more improbable than a number of its other UK acquisitions. The paper has only cost its former owner, Atlantic Richfield, some £9m in just over four years of ownership. Arco will be left with a 40 per cent holding in Lonrho's UK newspaper subsidiary, which may not be a core holding for a group with earnings last year of $1.7bn. It all goes to show what can happen to a frail subsidiary of a large multinational if it loses friends in high places. The Observer's former chairman has just moved from Arco to take over the hot spot at RCA.

Banks seek flexibility in gas finance

By Kevin Done in Frankfurt

WEST GERMAN banks negotiating a DM 10bn (£2.11bn) credit with the USSR partly to finance a new natural gas pipeline from Western Siberia to Western Europe are seeking a more flexible interest rate structure for the loan in the light of sharply rising interest rates in the Federal Republic.

The Deutsche Bank, which is leading the consortium of more than 20 West German banks, said yesterday they had failed to reach any agreement on interest rates at the latest consortium meeting on Tuesday night.

The banks are reluctant to follow their earlier path of negotiating a fixed rate of interest for the loan that is due to run over ten years.

Instead some consortium members are seeking a formula which would allow part of the loan to be priced at market rates at the moment it is drawn.

Previously, a rate of 9.75 per cent has been discussed but this has been overtaken by recent higher rates in the West German financial markets.

The credit is designed to finance the export of West German pipes and pipeline equipment to the USSR and will be paid off through the flow of natural gas to the Federal Republic.

The West German negotiations form part of a complex DM 20bn package, the largest East-West trade deal ever proposed, which would bring some 40bn cubic metres of natural gas annually to Western Europe, beginning in the mid-1980s. Agreement in principle on the financing was reached by the West German banks at the end of January.

The consortium is understood to include Deutsche Bank, Dresdner Bank, Commerzbank, Westdeutsche Landesbank, Bayerische Landesbank and Deutsche Genossenschaftsbank — each carrying an 8.5 per cent share.

Another group of banks each with a 4.5 per cent share is understood to include the Hessische Landesbank, the Norddeutsche Landesbank and the Landesbank Rheinland-Pfalz.

Fed backs firm monetary policy

BY DAVID LASCELLES IN NEW YORK

MR. PAUL VOLCKER, chairman of the Federal Reserve, yesterday strongly reaffirmed its commitment to a firm monetary policy and gave a guarded endorsement of President Ronald Reagan's new economic programme.

He told the Senate banking committee that 1981 would be a year of "continuing economic difficulties and high inflation," and that the Fed meant to keep a tight hold on the growth of money and credit to squeeze out inflationary pressures.

As he was speaking, the latest consumer price index figures showed a 0.7 per cent rise for January, slightly down on previous months. Two of the monetary targets he laid out, those for M-1A and M-1B, the narrowest and most widely-watched measures, were trimmed back half a per cent from last year's targets, emphasising the tightening the Fed aims at.

U.S. MONEY SUPPLY GROWTH

%	1980 planned	1980 actual	1981 planned
M-1A*	3.5 6	6.25	3.5.5
M-1B*	4-6.5	6.75	3.5-6
M-2	6-9	9.8	6-9
M-3	6.5-9.5	9.9	6.5-9.5
Bank credit	6-9	7.9	6-9

* Figures take into account adjustments caused by the introduction of interest-bearing current bank accounts on January 1, 1981.

Targets for broader measures were left unchanged, but since these were exceeded last year, achievement of them this year would represent a tightening.

The details were broadly in line with indications he gave last year. But Mr. Volcker admitted the money supply goals had been deliberately set at levels which would hold back the growth in nominal gross national product, though if inflation abated, the stage would be set for stronger real growth later on, he said.

Mr. Volcker made it clear the success of monetary policy would depend to a large extent on the Federal Budget being brought into balance as soon as possible, and he urged "early and by past standards massive" progress in curbing Federal expenditures.

But he also doubted whether the budget could be balanced in a sluggish economy, and for that reason he welcomed efforts to cut taxes in a way that emphasised incentives, mainly for business and investment.

While the tone of Mr. Volcker's remarks implied a broad welcome for the budget the Reagan Administration proposed last week, it is clear he is primarily interested in the spending cuts and, as in the past, is anxious they should accompany tax cuts, rather than coming later.

Lonrho

Continued from Page 1

because it was difficult to supply the necessary oversight from a distance of 5,000 miles.

He denied that the decision was in any way motivated by last year's labour problems at the newspaper, and said that he wanted ARCO to remain actively involved.

Atlantic Richfield admitted that the recent decision of Mr. Thornton Bradshaw, its president, to depart for the post of chairman at the RCA Corporation had brought the decision to a head.

"But this was the direction in which it was heading anyway," it said.

Mr. Bradshaw was considered the prime mover behind the acquisition of the Observer four years ago, though Mr. Anderson, who has been chairman two weeks, is himself a man with wide intellectual and cultural interests. He also possesses a huge personal business empire, in addition to his ARCO responsibilities, which he runs from a ranch in New Mexico.

Mr. Anderson said he had held detailed discussions with Mr. Tiny Rowland about the future editorial standards of the Observer.

He said that it was desirable for the newspaper to have a predominantly British ownership which could maintain closer links with management than possible from a distance of 5,000 miles, from where time differences made even telephone contact a problem.

Our labour editor writes: The deal came as a complete surprise to the print unions.

Last night Mr. Bill Keys, general secretary of the Society of Graphical and Allied Trades and chairman of the TUC Printing Industries Committee, said he was "flabbergasted." He protested at what he called "the greatest act of discourtesy I have known" in not being forewarned.

Mr. Keys said his union wanted to know Lonrho's intentions for the proposed new Scottish Sunday newspaper to be launched by Outrams later this year. He also wondered whether past suggestions of a joint News International and Lonrho London evening paper would now materialise.

Mr. Les Dixon, president of the National Graphical Association, said: "We will be looking closely at the statement. Until we know some of the future plans we cannot really comment."

Continued from Page 1

Aid Poles

Next week's meeting in London will centre on refinancing credits maturing in 1981. An exploratory round of talks by commercial banks was held in iVenna last month and more information on the state of Poland's economy and its financing needs will now be available.

But partly because of the large number of banks involved, believed by some bankers to exceed 100, no quick decisions are thought likely.

The banks would find it difficult to agree collectively to provide short-term bridging finance along the lines that Western Governments have done.

David Lascelles in New York writes: U.S. banks, which hold only a small part of Poland's total commercial debt to the West, are anxious that intergovernmental talks should not produce concessions which damage their interests. They have been pressing this point on Washington.

However, they are pleased by what they see as attempts by Poland to sort out what she owes to whom, how it should be paid, and when.

Weather

UK TODAY

Dry, cloudy, generally cold.

S.E., E. and Central England
Freezing fog patches clearing slowly. Max. 3C (37F).

S.W., N.W. England, Wales, I. of Man
Dry, cloudy, sunny intervals later. Max. 7C (45F).

S. and Central Scotland, Borders
Dry with bright intervals. Max. 4C (39F).

N.E., N.W. Scotland, N. Ireland
Rain in places, snow on hills. Max. 7C (45F).

Outlook: dry and cold with overnight frost; rain, sleet and snow spreading from S.W. later.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	9	48	L. Ang.†	C	11	52
Algiers	F	15	59	Luxmbg.	S	1	34
Amsdm.	S	2	36	Luxor		—	—
Athens		—	—	Madrid	S	7	45
Bahrain	F	23	73	Majorca	F	11	52
Barclna.	S	12	54	Malaga	S	15	59
Beirut	R	14	57	Malta	F	15	59
Belfast	R	4	39	M'chstr.	C	3	37
Belgrade	S	4	39	Melbne.	F	23	73
Berlin	C	−1	30	Mx. C.†		—	—
Biarritz	F	10	50	Miami†	S	11	52
Bmghm.	C	2	36	Milan	S	8	46
Blackpl.	S	3	37	Montrl †	R	3	37
Bordx.	F	6	43	Moscow	C	−2	28
Boulgn.	C	3	37	Munich	C	−1	30
Bristol	S	2	36	Nairobi	F	29	84
Brussels	S	2	36	Naples	C	11	52
Budpst.	S	8	46	Nassau		—	—
Cairo		—	—	Nwcstl.	C	3	37
Cardiff	S	3	37	N York†	C	6	43
Cas'b'ca	S	21	70	Nice	C	7	45
Cape T.		—	—	Nicosia	S	15	59
Chicago†	S	−2	28	Oporto	S	14	57
Cologne	C	−2	28	Oslo	C	0	32
Cpnhgn.	C	2	36	Paris	S	2	36
Corfu	C	12	54	Perth	S	30	86
Denver†	S	2	36	Prague	F	−1	30
Dublin	R	5	41	Reykjvk.	C	2	36
Dbrvnk.	C	9	48	Rhodes	C	11	52
Ednbgh.	S	4	39	Rio J'o†		—	—
Faro	S	15	59	Rome	R	8	46
Florence	F	13	55	Salzbrg.	C	2	36
Frankft.	C	0	32	S F'cisc†	R	7	45
Funchal	C	17	63	S. Moritz		—	—
Geneva	F	2	36	Singapr.	T	26	79
Gibraltar	F	15	59	S'tiago†		—	—
Glasgow	S	4	39	Stckhm.	C	2	36
G'rnsey	C	4	39	Strasbg.	S	3	37
Helsinki	S	−3	27	Sydney	S	24	75
H Kong	R	13	55	Tangier	S	18	64
Innsbrk.	S	0	32	Tel Aviv	C	16	61
Invrnss.	F	5	41	Tenerife	S	20	68
I.o.Man	F	4	39	Tokyo	Sn	3	37
Istanbul	C	2	36	T'ronto†	C	0	32
Jersey	C	5	41	Tunis	F	15	59
Jo'burg	T	19	66	Valencia	S	12	54
L. Plms.	S	19	66	Venice	F	2	36
Lisbon	S	11	52	Vienna	C	0	32
Locarno	S	10	50	Warsaw	S	3	37
London	S	3	37	Zurich	C	−1	30

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.

Atlantic alliance now 'outdated'

BY NICHOLAS COLCHESTER

THE ORIGINAL SCOPE of the Atlantic alliance is outdated according to a study of western security prepared by the directors of three European and one American foreign affairs research institutes.

The report, published in Britain by the Royal Institute of International Affairs, urges that NATO planning be broadened to include threats to western security arising in the Third World. This should involve active European military participation in the Middle East, probably by supporting the U.S. in organising a rapid deployment force for the area.

The study suggests that the established seven-nation summits be extended to discuss international politics and defence. To improve Western co-ordination over threats to security outside the traditional NATO theatre.

It also says that a series of groups should be formed to co-ordinate Western response to particular problems.

"NATO is more than a military grouping: it is a political alliance of like-minded States," say the four institutes. Yet NATO was established to counter a Soviet military threat to Western Europe and this role no longer suffices.

Threats to Western security, and examples of East-West confrontation, now extend across the rest of the world. Moreover, the days of the old Atlantic system based on U.S. dominance and on a European reluctance to accept wider responsibilities must be reconsidered.

The Soviet invasion of Afghanistan was an example both of such a threat and of the unco-ordinated response in the West.

The study lists examples of dissent between the U.S. and Europe in matters of defence and foreign policy.

This combination of dissent among old allies and the new and more complicated problems facing them makes a new approach to co-operation vital, they say.

Schizophrenia in NATO Page 24

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.